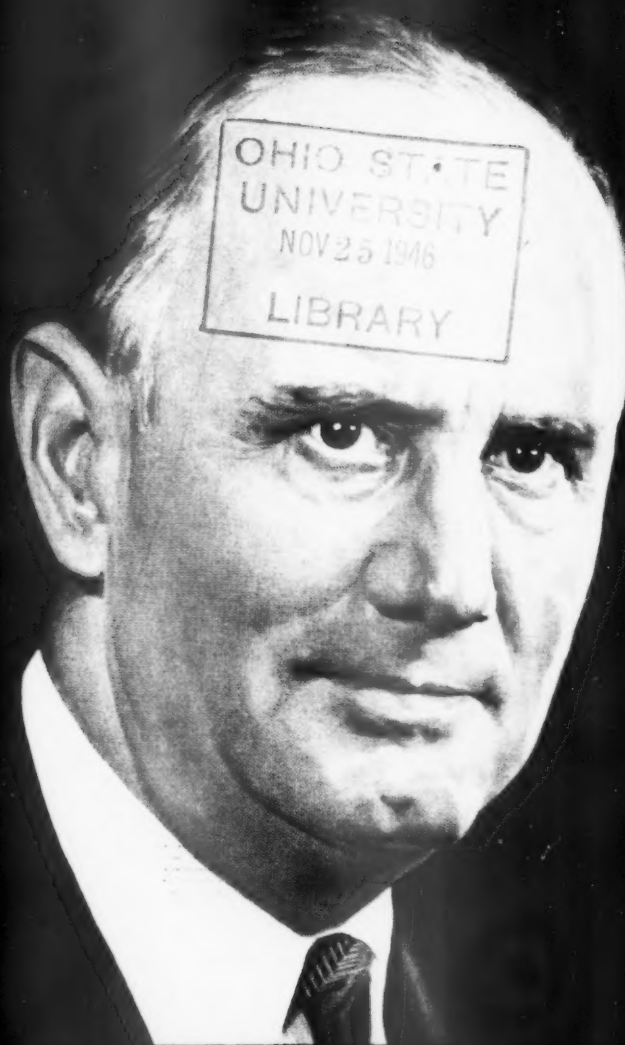
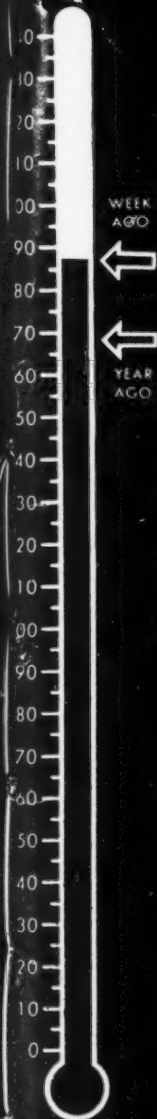


BUSINESS WEEK

NOV. 23, 1946



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Eastman Kodak's Thomas J. Hargrave: Thanksgiving came...

BUSINESS
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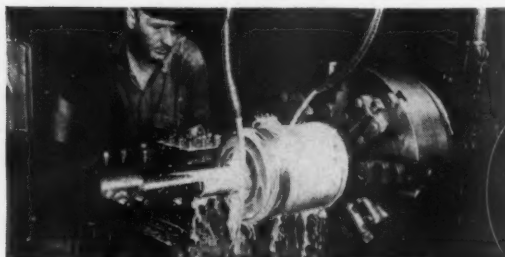


"Increased efficiency is the way to higher wages", says the A. F. of L.

★ Here is sound, straight thinking by the American Federation of Labor, from a recent bulletin to their members. We are glad to publish it, for this sort of common sense is the way to the prosperity America could and should have:

"Increased efficiency is the way to higher wages, lower prices for the consumer, a better market for your product and a more secure job for you. Traditionally, America has paid for rising wages by increasing productivity, and this is the only way to raise living standards. The other alternative—to pay for wage increases by raising prices—is no gain at all for workers, because living cost increases cancel wage gains."

That's the kind of thinking with which business management is glad to cooperate; it is the American way to mutual prosperity.



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A development of
B.F. Goodrich
FIRST IN RUBBER



The melody lingers on when Koroseal helps carry the tune

A typical example of B. F. Goodrich product development

THE "action" of a piano is that rather complicated hammer, finger and arm you move when you strike a key, and which strikes the string for sound. It used to be made with wood, felt, fabric and leather, but moisture in the air changed all four in size and texture, and that altered tone, made frequent tuning necessary.

A leader in piano action manufacture heard of *Koroseal*, the B. F. Goodrich flexible synthetic that is moisture-proof, yet is flexible, mothproof, resists abrasion. He made sample piano "actions," using this material, and tested

them. On damp days, when former actions would stick and play "soggy" notes, the actions which used *Koroseal* played as clear and bell-like tones as ever. After striking 1,000,000 times (comparable to 20 years' piano life) no wear could even be measured on the *Koroseal* parts.

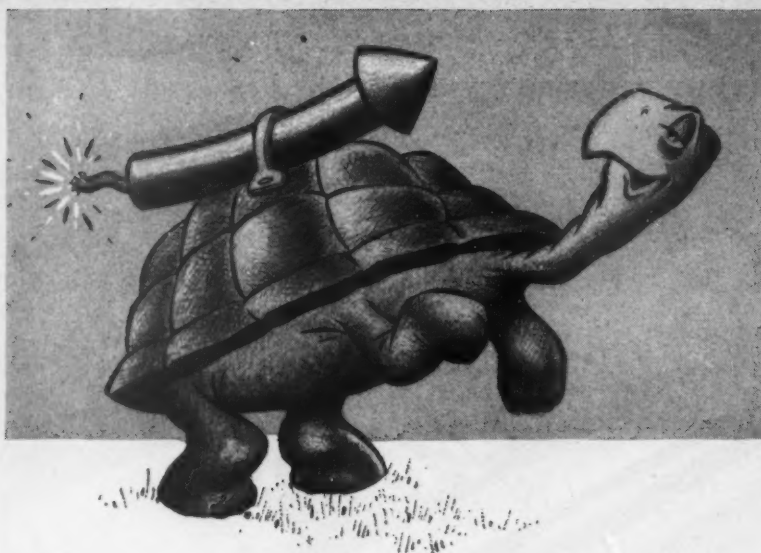
These same qualities of *Koroseal* flexible synthetic (waterproof and resistant to blows and hard wear) make it ideal for use as luggage, handbags, upholstery, flooring. It is light as well as waterproof—perfect for raincoats, shower curtains, camping equipment.

Koroseal products resist grease, oil, acids, sun, air too. *Koroseal* garden hose can be left out in the sun; tablecloths and curtains made of *Koroseal* coated fabrics can be cleaned just with a damp cloth; baby pants are soft and safe and can be washed with ease.

Only *Koroseal* gives you all these unusual qualities, and to help you make sure you get what you want, every genuine article carries the *Koroseal* name. Look for it. The B. F. Goodrich Company, Akron, Ohio.

Koroseal—Trade Mark, Reg. U. S. Pat. Off.

B.F. Goodrich
RUBBER and SYNTHETIC products



full speed
in a split second!

Quick-as-a-wink are the special motors R & M engineers developed for General Register Corporation's ticket-issuing machines. One-half second from "on" to "off" issues any number of tickets up to five, and also cuts the strip. Ordinary motors took too much time in getting up to speed.

Unusually high torque, both at starting and during acceleration through the first few hundred r.p.m., gives these motors practically instantaneous pickup. Special winding and an over-size condenser do the trick. General Register reports perfect operation even on extended tests of continuously repeated impulses at three-quarter second intervals—and that, *in use*, no servicing whatever is required over a period of years.

Long-time success in developing and building special motors has established the Robbins & Myers reputation for ingenuity and reliability. If you are a maker of motor-driven machines, it's experience that can help you, too.



The "Automatic." Built by General Register Corporation. Powered by an R & M quick-pickup motor.

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ADVERTISING MANAGER
H. C. Strum

BUSINESS WEEK • NOVEMBER 23 • NUMBER 899
(with which are combined the annualist and the magazine of Business) • Published weekly by McGraw-Hill Publishing Company, Inc., James H. McGraw, Founder and Honorary Chairman • Publication Office 90-129 North Broadway, Albany 1, N. Y. Editorial and Executive Offices, 330 W. 42nd St., New York 18 • James H. McGraw, Jr., President; Curtis W. McGraw, Senior Vice-President and Treasurer; Nelson Bond, Director of Advertising; Eugene Duffield, Editorial Assistant to the President; Joseph A. Gerardi, Secretary • Address correspondence regarding subscriptions to J. E. Blackburn, Jr., Director of Circulation, Business Week, 90-129 N. Broadway, Albany 1, N. Y. or 330 West 42nd St., New York 18. Allow ten days for change of address. Subscription rates—United States and possessions \$5.00 a year, Canada \$6.00 a year, Pan American countries \$10 a year. All other countries \$20 a year • Entered as second class matter Dec. 4, 1936, at the Post Office at Albany, N. Y. under Act of Mar. 3, 1879. Return postage guaranteed • Printed in U. S. A. Copyright 1946 by McGraw-Hill Publishing Co., Inc.—All Rights Reserved.

"I collect LIGHT!"

(BASED ON A TRUE STORY)

by Mr. Friendly



It's a fact! . . .

When I take a walk at night I collect light.
It's waiting for me at 35 houses in town . . .
warm glowing light that pours through the windows
and shines on the lawn outside.
I roll up this light and put it in a pocket next to my heart . . .

You see, 35 homes are bright tonight because
American Mutual and I discovered that a
factory roof was dangerous . . . 35 families are together because
we noticed that a building was a few inches out of line!

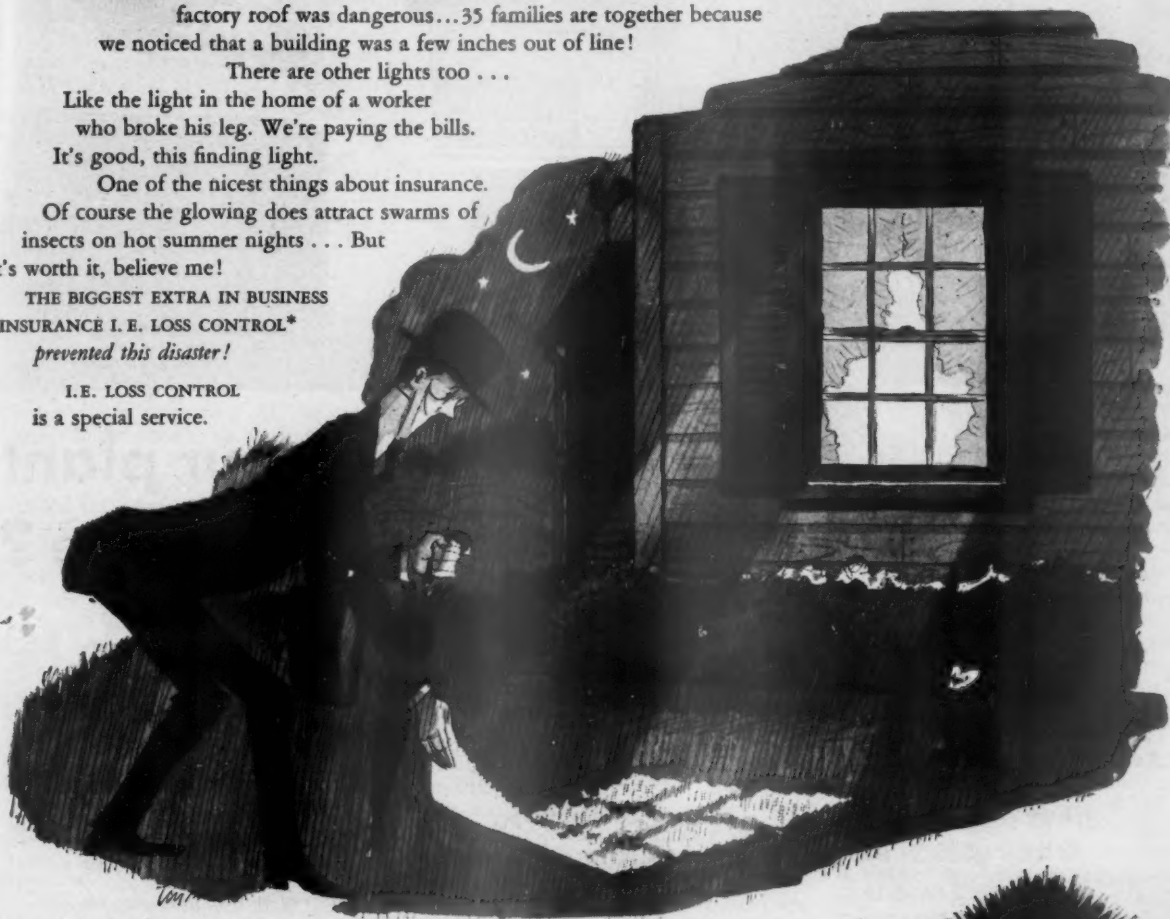
There are other lights too . . .

Like the light in the home of a worker
who broke his leg. We're paying the bills.
It's good, this finding light.

One of the nicest things about insurance.
Of course the glowing does attract swarms of
insects on hot summer nights . . . But
it's worth it, believe me!

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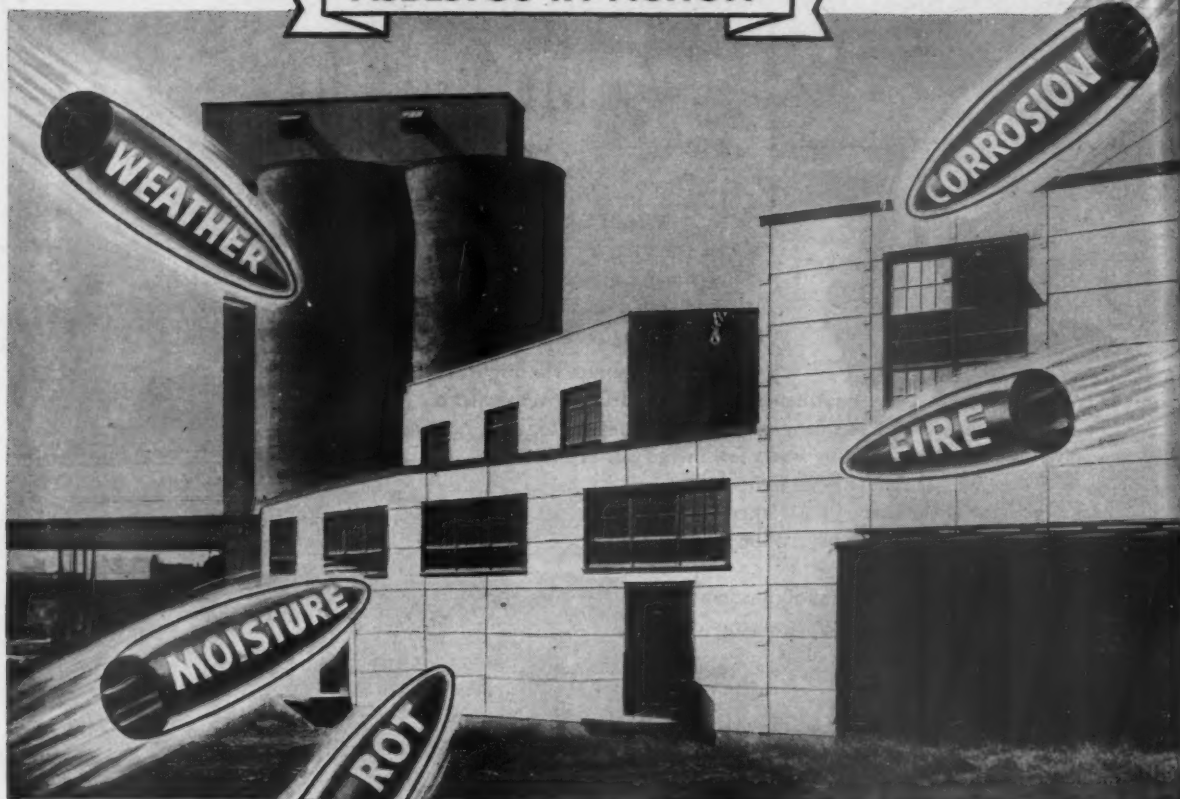
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How long will your plant withstand attacks like these?

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WASHINGTON BULLETIN

SHOWDOWN—SHUTDOWN

President Truman will carry his battle with John L. Lewis to a showdown. In the end it's hard to see how the President can avoid capitulation. The coal miners have the firm backing of the labor movement. Witness the mid-week statement of A.F.L. President William Green and C.I.O. President Philip Murray condemning the Administration's procedure.

To the unions, the issue at stake is whether, with price control gone, labor shall have another round of wage increases before threatened slackening off of business next year.

To the extent that Truman takes drastic measures against the miners, he runs the risk of something approaching a general strike. C.I.O. leaders who called sympathy strikes in Pittsburgh to protest the jailing of George L. Mueller, an independent union leader whom they scorned, are saying that they could do no less for the renegade John L.

Arsenal of Legal Duds

Interior Secretary J. A. Krug believes he has Truman's backing to use every weapon he can find in the government arsenal. Starting with posters at the mine shafts appealing to the miners over Lewis' head, he is running the gamut of legal devices, including:

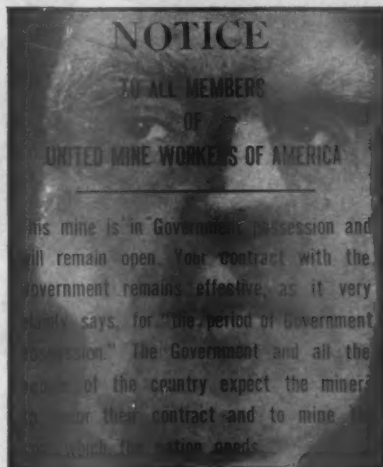
- The injunction which, in effect, called on Lewis to repudiate a strike. Lewis has been enjoined before, in 1919. But the miners didn't go back to work then, even though Lewis technically called off the strike.
- Court action to tie up union funds. This is a feeble weapon against the United Mine Workers, since this union never pays strike benefits. (Company stores have always given strikers credit; they'd risk being burned down if they didn't.)

- Arrests of mine leaders who take any overt action in support of a strike. Trouble is the well-disciplined miners don't need leaders. They just remember "no contract, no work."

Krug is fully aware that he can't break a coal strike with these moves. He isn't going to waste much time on them; he wants to win or lose quickly, without paying the price of industrial paralysis.

BID FOR REPUBLICAN AID

Krug will try to get the Republicans to pick up the ball, arguing that they are the ones with a mandate. He'd like to have the Republican leaders of the



Which Do They Heed?

lameduck Congress demand that Truman call a special session. This would forestall the charge that any action taken now would be taken by legislators already repudiated at the polls. There's little likelihood that the Republicans will burn their fingers on this one.

Even so, Krug will put Truman's mettle to the test by demanding that he call a special session on his own initiative.

Ready With a Bill

Should Congress be called back, the emergency strike bill which Truman proposed at the time of the railroad crisis last spring could be acted on quickly. It has passed the House but the Senate, under Sen. Taft's influence, refused to approve it except in emasculated form.

As proposed by Truman and passed by the House, the bill would require labor leaders and management to take "affirmative action" to end strikes against the public welfare, subject to criminal penalties. Strikers would lose their Wagner Act status as employees and would lose all seniority if rehired. They could be drafted into the Army and put to work. Profits realized on operation would go to the U. S. Treasury. The President's powers under the bill would last only for the official duration of the war plus six months.

Labor Doesn't Forget

Truman takes a terrific political risk if he pushes legislation of this character without Republican sponsorship. Republicans could insure that, if it passed, it would be by Democratic votes. If the strike were over by January, they could

parade as labor's friends by wiping out Truman's drastic measure. There'd be plaudits for Truman in batting down Lewis, but labor remembers after the public forgets.

AT THE CROSSROADS

The Democratic Party is torn apart in the aftermath of the elections.

The 14-year coalition which was called a party was held together by Roosevelt's personality and by the fact that, at the polls, it worked. When the ghost of F.D.R. failed to walk on election day, the coalition was doomed.

Truman's choice:

Try to find a new basis of coalition; or

Become the leader of a southern loyal opposition, playing along with the Republican majority.

Truman's decision will determine whether business faces two years of stalemated government or two years of modified Republicanism.

HANNEGAN: "TIGHTEN UP"

Spearheaded by Hannegan, those Democratic National Committee leaders who still dream of a comeback in '48 are pounding at Truman to tighten up—to be President—to set his face against Republicans—to forget his Missouri friends—and to adopt a vigorous and leftist line. They see this as the only way to recapture the northern labor-liberal votes.

Hard-boiled party discipline would be needed to jam this strategy down the throats of congressional Democrats. But discipline is always tighter in a minority.

Anyhow, conservative Democrats who have balked at Administration legislation will yield more easily to the partisan appeal when they know that their support is only for the record.

Campaign Slogans for '48

The Hannegan line is the line of stalemate. It's based on the knowledge that the Democrats, if they hold together, can sustain a veto of any Republican legislation.

To Truman, this line means that he could present himself to the voters in '48 as, for instance:

The man who prevented crippling of the unions;

The man who tried his best to push health and extended social security past an uninterested majority;

The man who threw his weight behind housing legislation—which, in one



...and the Fairchild Packet Is the First to Carry It

With the inauguration of 5-cent Air Mail on October 1st, the Post Office Department has again demonstrated the pioneering tradition of ever greater service, speed and efficiency which has established it as the greatest postal service in the world.

At this new low rate, all of us can now take full advantage of the faster communication provided by Air Mail.

The first plane to speed the nation's first 5-cent Air Mail coast to coast was the Fairchild Packet, its interior especially designed to Post Office specifications. Flying over United Airline routes, this first Flying Mail Car enabled postal clerks to sort, pouch and store the mail en route.

On duty in ever increasing numbers with the Army Air Forces, the first plane designed specifically to carry bulky military cargo proved its versatility when Fairchild engineers adapted its boxcar-like hold to this peaceful pursuit.

The Air Mail Packet heralds the day when all first class mail between distant cities will be airborne—another Fairchild "touch of tomorrow in the planes of today."



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Affiliate: Stratos Corporation, Babylon, L. I., N. Y.

WASHINGTON BULLETIN (Continued)

form or another, might get through a Republican Congress;

The man who . . .

Minimum for G.O.P.

What can the Republicans accomplish if Truman adopts the defiant Hannegan line?

They can cut taxes. Administration high-tax convictions won't outlast the first signs of deflation. There's room for a battle on across-the-board cuts versus increased exemptions, but the Republicans can roll through Congress whatever they want and the President won't veto it.

They can probably get Truman's signature on a mild labor bill limited to his own mediation-board proposals of last spring—provided the Republican rank and file will stop there for the sake of that signature.

They can stop any new social legislation.

They can fence in Administration foreign trade deals.

They can eliminate any federal activity that takes money.

They can investigate—building up a campaign indictment by finding and exposing the vulnerable points in the New Deal record.

And that's just about all they can do.

SOUTHERNERS: "KEEP RIGHT"

Hannegan's effort to make up Truman's mind for him faces two big obstacles.

Truman is not a fighter by nature. His inclination is to take the easy way. He likes to be praised in the editorial pages, and the way to that is cooperation, conciliation, unity with the Republicans.

The Democrats who came back to Congress are, by and large, southern conservatives. They feel that their long-time position has been vindicated by the election swing to the right. Many of them are convinced that the Democratic Party must follow the country to the right.

And their personal political fortunes are more endangered by liberalization of the party, which threatens them in the primaries, than by Republican victories in the North.

A Republican Program

If Truman does drift into the loyal opposition role, which the Republicans think they have reason to expect, the G.O.P. will have a chance to put through a legislative program of their own before '48. Except on taxes, no such program has been formulated yet. A series of powwows between now and

January will try to pull one together.

But if the White House is acquiescent you can expect action along these lines:

Labor legislation going about as far as the vetoed Case bill;

Tighter congressional control over tariffs and foreign loans;

Maintenance of farm income by some other route than the crop restriction philosophy of the AAA;

Measures of more or less specific business appeal—to relieve employers of retroactive wage-hour liability, to protect certain industries against antitrust prosecution, to overhaul the Federal Communications Act, to open up the atom industry to more private exploitation.

Third Party?

If Truman decides to read the election as a mandate to him to swing to the right, and the Democratic Party again becomes a regional affair, a third party built on the C.I.O. will be in the cards. This would guarantee a Republican victory in '48, but would be shooting for a backswing of public feeling in '52 or '56.

TWO SIGNPOSTS

To the right with the Republicans, or to the left to recapture labor? These are the choices open to Truman and the Democratic strategists. There won't be an immediate, clear-cut decision. Policy will evolve slowly, gradually.

There are two things that will furnish a clue: the selection of a minority leader in the House, and the selection of a successor to Hannegan as chairman of the Democratic National Committee.

The southern Democratic congressmen are out to prove that they run the party by putting in one of their own as floor leader. Somebody like Eugene Cox of Georgia or John Rankin of Mississippi, instead of McCormack of Massachusetts who's in line for the job. The party leaders are trying to avoid an open break between the two wings by drafting the unwilling Sam Rayburn. If Rayburn proves stubborn, they will attempt to compromise on Francis E. Walter of Pennsylvania, a middle-of-the-roader and a close friend of Rayburn.

Hannegan has had enough. He's expected to quit as party chairman early next year. His friends are pushing Gov. Robert S. Kerr of Oklahoma, a New Dealer and a man who would promote the Hannegan policy. They also have their eye on Second Asst. Postmaster General Gael Sullivan, OPA boss Paul

Porter, and Under Secretary of the Interior Oscar Chapman. The Southerners haven't yet given any indication as to whom they will support for the chairmanship.

TARIFF CUT URGED

Now that the ban is off commercial imports of all nonferrous metals except tin, big copper companies are pressuring the White House to halve the 4¢ tariff on copper, as permitted by the Smoot-Hawley act.

Under the now-abandoned government purchase and subsidy program tariffs were waived. Now, if the tariff is not cut, the price of imported copper will go to the 17½¢ world price plus the 4¢ duty. Big copper is afraid that this will price the metal out of the market in competition with other metals.

Since firms like Anaconda and Kennecott own South American as well as domestic mines they have nothing to lose by a cut in the duty. Smaller domestic producers, for whom the duty represents a bonus above the world price, are fighting the tariff cut (page 111).

GAS WINS ROUND TWO

Disposal of the Inches will be thrown into the lap of the Republican Congress. The House committee on disposal of surplus property, headed by lame-duck Rep. Roger C. Slaughter, has stopped immediate sale of the two war-built pipelines for transportation of oil. All set to sell the pipes to Big Inch Oil, Inc., WAA threw out all bids just as the Slaughter committee began to probe the dickering that had been going on.

The Slaughter committee is continuing hearings, and WAA is continuing to dicker with interested buyers. But there will be no final action until Congress has had another say. In giving tacit approval to last year's Symington report, Congress ruled that the pipelines should be used for oil instead of for natural gas.

CAPITAL GAINS (AND LOSSES)

Secretary Anderson is assuring his worried staff that he expects to stay in the Agriculture Dept. until the middle of 1947.

Scared by government talk of going into the papermaking business (BW—Oct. 5 '46, p. 7), CPA's groundwood, book,

WHAT A Blind Man SEES



WHAT You SEE



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and writing paper industry advisory committee is offering a voluntary set-aside of 3% to 5% of each mill's output to keep the government's presses rolling.

THE COVER

Thomas J. Hargrave, Eastman Kodak's president, announced to workers on Tuesday of the week before Thanksgiving, the joyful news that a "wage dividend" of \$8,500,000, in addition to 1946 wages and salaries, would be divided among them (page 19). In the administration of such generous benefits, Hargrave and his aides perpetuate the policies if not the exact techniques of the late George Eastman.

Eastman was an individualist and an industrial genius. His personality was the strong force in all Kodak company decisions. But he was always on the lookout for young men of ability to reinforce his management structure, in preparation for the time when he would relinquish active control. Eastman took a liking to Hargrave, kept after him until he consented to join the company.

Hargrave operates on strictly democratic lines. No action is taken by the board until advisory committees have made their reports and until those reports have been thrashed out.

• **Lawyer Into Executive**—In the early reaches of his 54 years, Hargrave determined to become a lawyer. Born in Nebraska, he was graduated from the state university, then went to Harvard for his law degree. There Dean Roscoe Pound dissuaded him from returning west to practice.

Hargrave got a \$50-a-month job with a Rochester law firm. His career was interrupted by the first World War, in which he was captain of a machine gun company and won the Distinguished Service Cross. Returning to the Rochester law firm, Hargrave met George Eastman. Soon a tussle began, with Eastman trying to engage the young lawyer's full-time energies and the latter clinging to his legal ambitions. As usual, Eastman won, though Hargrave put up a seven-year resistance. Today the logic that made a good lawyer makes a perceptive and fair-minded executive.

• **Hobbies**—From a love of outdoor life Hargrave has developed a tanned and rugged presence. His idea of a wonderful time is to sit in a duck blind and wing the elusive mallard. He is an inveterate amateur photographer, not because he is president of Kodak but because, next to duck shooting, that is his pet pastime.

The Pictures—Int. News-Pix—5; Int. News—16, 116; Acme—19, 36, 54, 74, 90, 100, 113; McGraw-Hill Studios—15, 78; John Haley—18; Indianapolis News—28; Michael Caputo—70; Swisher Studios—93; Underwood & Underwood—102; Triangle Photo Service—114.



For a lady's dress

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THE OUTLOOK

BUSINESS WEEK
NOVEMBER 23, 1946



Lost coal production amounted to more than a million tons in the first three days of this week—and that before John Lewis' zero hour (page 5).

The country is in no shape now to sacrifice even a little output.

Industry today has 6,400,000 tons less coal on hand than it had last Apr. 1 when Lewis pulled his miners out (page 38). Normally, April marks the low point for the year.

Even though coal production has been very large since last May, we have been using it almost as fast as it was mined. Ordinarily we should have been laying by millions of tons for the winter.

* Total coal stocks in the hands of industry and of retail dealers at last report were under 52,500,000 tons. To give some idea what they ought to be, we had 61,763,000 tons on Nov. 1, 1941.

Industrial supplies currently amount to less than 40 days' needs.

Coal famine would paralyze the steel industry much more quickly now than it did last spring. All metalworking would suffer accordingly.

Steel mills again this week advanced operations a fraction of a point to set another postwar record. But they have been maintaining high-level activity only by drawing dangerously on fuel reserves.

The steel industry now has about 15% less coal than the million tons it had on hand when the miners walked out last spring.

During April, first month of last spring's coal shutdown, steel operations held up well. After that, they dipped sharply. From the last week of March to the end of May, the cut was from nearly 90% of capacity to below 50%.

Steelmakers today face the likelihood of having to make a cut of similar proportions much more quickly.

Business activity, as measured by Business Week's Index, dropped from 172.5 to 154.7 during last spring's coal strike. A similar percentage impact now would carry the index a couple of points below 170.

Of course, 170 is not a rate to be sneezed at. Yet any drop at all is disquieting with businessmen worried over a "bump."

Strikes now, unlike those of eight months and a year ago, are definitely deflationary for the short run. Last spring, all the basic indicators pointed up; now many of them are no better than steady.

Wages lost by strikes, and workers laid off in affected plants would more than outweigh the near-term effect of pay increases to be won. This could have a lot of influence on prices now nearing the danger zone.

Price increases of the last few days, minimized by some observers, have been plenty sharp enough to worry many other analysts.

Both copper and lead have been marked up twice since the ceilings came off. The red metal is now 5¢ a lb. above its old price. This adds more than \$100,000,000 annually to the basic cost of copper.

Cases are reported in which textiles are selling 25% to 40% above old ceilings. And remember, mills are paying 20% less for raw cotton than they were only a few weeks ago. Some long profits are being made.

Scores of food items have been advanced. Some place there comes a point beyond which the consumers' dollar won't stretch.

We have reached the place where our unbalanced boom should begin

THE OUTLOOK (Continued)

BUSINESS WEEK
NOVEMBER 23, 1946

to come into balance. Some of the whoosh is due to go out of nondurable goods lines; durables need to continue rising to take up the slack.

But there are scattered signs that things aren't dovetailing.

Auto makers, discouraged by unbalanced inventories, tailor their forward buying to the scarcest items in stock (BW—Nov. 16'46, p19). They are satisfied, for now, to jog along at the rate of about 4,750,000 cars and trucks a year until the supply situation shows signs of straightening out.

Other lines are doing the same thing. This means, in the aggregate, that the rate of inventory accumulation will soon slacken.

Suppose that, coincidentally, strikes become crippling. There won't be enough durables made to take up any slack in nondurables. Moreover, people will be making less money with which to buy available nondurables.

Prices, by early next year, thus could become very vulnerable. Inventories which now look safe in size could become burdensome.

•
Chances of a moderate recession in business next year are growing. Pricing excesses and strikes probably are bringing the start of it closer to hand than most recent predictions have suggested.

With it may come some extraordinary shifts in volume and profits.

Cotton textile output might conceivably fall 20% or even 30%. (Use of raw cotton in October was 57% above the highest prewar annual rate.) Prices would fall, of course, and so would profits. However, margins now are wide enough to afford a good deal of cushion.

Demand for autos, on the other hand, would continue strong. Motor car manufacturers might go on for some time at somewhere between 4,500,000 and 5,000,000 cars and trucks annually.

Even with higher labor costs, profits on autos might rise. Many raw materials costs would be substantially reduced; prices finally are up to a point where they should yield profits.

•
Relaxation of the rules on consumer credit (page 21) aren't likely to have any great stimulating effect on volume of sales.

The point is that controls are maintained on most consumer durable goods—notably autos—that can run the total up rapidly.

In the case of motor cars, prices are now pretty high. The time-sales period is only 15 months. Thus, even with hefty down-payments, the size of the monthly instalment discourages marginal buyers.

Buyers with the cash in hand represent the bulk of the market. There still seems to be plenty of them around, even though some of the people whose names are on dealers' order books may have changed their minds.

•
Many agricultural prices, which fell off so sharply after their decontrol upsurge, have started up again.

Both hogs and cattle are up about \$2 a cwt. from recent lows.

Meat production is off 15% from its all-time high of a month ago. Volume still is well above 1945—but it is declining at the time of year when it should be going up seasonally.

•
Business borrowing continues to rise at a headlong rate, giving further grounds for fear of too much inventory accumulation.

The latest weekly report of Federal Reserve member banks shows a rise of \$183,000,000. The total is above \$10 billion for the first time.

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FIGURES OF THE WEEK

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
THE INDEX (see chart below)	*187.2	†187.0	183.9	167.9	162.2

PRODUCTION

Steel ingot operations (% of capacity).....	91.4	91.2	90.3	82.4	97.3
Production of automobiles and trucks.....	94,640	†92,760	89,540	30,165	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$15,332	\$14,349	\$15,795	\$11,640	\$19,433
Electric power output (million kilowatt-hours).....	4,700	4,682	4,540	3,985	3,130
Crude oil (daily average, 1,000 bbls.).....	4,792	4,779	4,733	4,475	3,842
Bituminous coal (daily average, 1,000 tons).....	2,133	†2,073	2,042	2,082	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	89	91	87	80	86
All other carloadings (daily average, 1,000 cars).....	63	63	63	59	52
Money in circulation (Wednesday series, millions).....	\$28,761	\$28,750	\$28,597	\$28,178	\$9,613
Department store sales (change from same week of preceding year).....	+20%	+17%	+15%	+13%	+17%
Business failures (Dun & Bradstreet, number).....	28	25	23	12	228

PRICES (Average for the week)

Spot commodity index (Moody's, Dec. 31, 1931=100).....	374.9	359.3	350.7	263.8	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	248.2	†230.9	209.2	169.5	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	310.9	299.9	317.9	232.3	146.6
Finished steel composite (Steel, ton).....	\$64.45	\$64.45	\$64.45	\$58.27	\$56.73
Scrap steel composite (Iron Age, ton).....	\$24.75	\$24.42	\$19.17	\$19.17	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	17.693¢	15.625¢	14.375¢	12.000¢	12.022¢
Wheat (Kansas City, bu.).....	\$2.10	\$2.07	\$2.05	\$1.69	\$0.99
‡Sugar (raw, delivered New York, lb.).....	5.57¢	5.57¢	5.57¢	3.75¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	31.38¢	29.91¢	34.06¢	24.03¢	13.94¢
Wool tops (New York, lb.).....	\$1.582	\$1.380	\$1.330	\$1.330	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	22.50¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	116.4	118.2	118.6	136.3	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	3.16%	3.15%	3.15%	3.14%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.59%	2.59%	2.60%	2.61%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	1½-1½%	1½-1½%	1½-1½%	1.00%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	¾-1%	¾-1%	¾-1%	¾%	¾-1%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	39,501	39,530	39,267	39,501	23,876
Total loans and investments, reporting member banks.....	57,548	57,609	58,317	61,112	28,191
Commercial and agricultural loans, reporting member banks.....	10,029	†9,846	9,547	6,628	6,296
Securities loans, reporting member banks.....	2,651	2,564	2,449	3,404	940
U. S. gov't and gov't guaranteed obligations held, reporting member banks....	37,626	37,967	39,230	45,176	14,085
Other securities held, reporting member banks.....	3,401	3,386	3,456	3,234	3,710
Excess reserves, all member banks (Wednesday series).....	920	720	960	1,163	5,290
Total federal reserve credit outstanding (Wednesday series).....	24,565	24,107	24,152	24,498	2,265

*Preliminary, week ended November 16th.

†Revised

‡Ceiling fixed by government.

§ Date for "Latest Week" on each series on request.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY



Two ways to measure quality in Fluorescent Lamps




1

One way, General Electric found, was to build the world's biggest double quartz monochromer. With this special spectroscope, G-E lamp scientists are able to make thousands of quick and accurate measurements of light waves and of the short ultra-violet radiation that is so important in producing fluorescent light. Those measurements are vital both in fundamental lamp research and in assuring buyers of G-E fluorescent lamps of accurately standardized colors. You'd have fun operating General Electric's monochromer—but you'd hardly have room for it in your budget or your cellar. Nor would you be inclined to duplicate all of General Electric's other research and testing facilities. But there is a measure of fluorescent lamp quality that's always in reach . . .



2

Insist on the  **monogram** on all the fluorescent lamps you buy for your business and home. It's easy to understand why General Electric has been first with practically all the major improvements in fluorescent lamps when you realize that G-E Lamp scientists never rest on past achievements. *General Electric lamp research is constantly at work to make General Electric lamps ever better and to make them Stay Brighter Longer.

G-E LAMPS
GENERAL  ELECTRIC

U. S. Aids Ex-Enemy Economies

Arrival of German and Japanese goods for the holiday market is sign of new effort to make occupied areas self-supporting. Politics at home makes speed necessary. Private trade still small.

Christmas tree lights labeled "Made in Japan" are back on the American market for the holiday trade this year. So are toys from Germany.

Quantities are strictly limited—actually only a drop in the bucket. But they are the timid harbingers of an economic revival of these ex-enemy countries. This revival is being carefully nurtured by Washington but is causing some shudders among American businessmen.

Other products are on the way, too, or have already arrived. The volume is destined to grow substantially through next year and probably into 1948, unless there is to be an about-face in United States policy and commitments for Germany and Japan. But, as nearly as it can be calculated at this early stage, the dollar dimensions of the program can hardly be considered alarming in the American market.

• **Reasons at Home**—Basically, the arrival of goods made in Germany and Japan is the first trickle of success in the State Dept.'s program to enable the ex-enemy countries to pay their own keep soon. The U. S. this year is pouring \$200 million into its zone of Germany, to keep the people from starving. This doesn't count occupation costs.

Especially now, since the election, the Administration is acutely sensitive to fears that an economy-minded Congress may not keep up this dole. And it is frankly assumed at State that Americans might demand that we again pull out of Europe, if the expense continues.

• **An Added Problem**—The economic merging of the U. S. and British zones, now in the making, raises the sights still higher. Britain is now spending \$325-million above occupation costs on the Germans in its zone. Thus the climb to solvency becomes a half-billion-dollar ascent.

Statistically, the U. S. to date has been able to recover from exports only about \$7,000,000 of its \$200 million. The British have done about eleven times better, thanks mostly to the deliberate program of sending as much coal as possible to France to help keep it from going Communist.

• **Barrier to Unity**—The State Dept. approaches the problem with the conviction that until the U. S.-U. K. zones are made virtually self-supporting, there is little chance that Russia will accept the standing invitation of the western powers to merge its zone economically with theirs, as was promised at the Big Three meeting in Potsdam.

WE COVER COAL FRONT

What can the government do to keep coal moving from the mines? Will production losses foster inflation or deflation? How soon will the loss of coal output cripple the nation?

For the analyses of these questions, see:

Page 5—Truman will carry his battle with Lewis to a showdown, but in the end its hard to see how he can avoid capitulating. The chances of drastic action by special session of Congress are slim.

Page 9—Strikes now, unlike those of eight months and a year ago, are definitely deflationary for the short run.

Page 38—Industrial and utility stocks of coal in many cases are critically low.

The western powers assume that the Russian zone is largely self-supporting already. They can understand Russia's unwillingness to merge into a deficit.

• **RFC Help**—So Washington is about ready to make a plunge to get German production of "nondangerous" goods rolling. Within a week or so, arrangements are to be completed for giving the Office of Military Government, U. S. (OMGUS) a \$10,000,000 line of credit from the Reconstruction Finance Corp.

This will finance the purchase of raw materials for importation into Germany



Marked with the almost-forgotten signatures, "Made in Japan" (left) and "Made in Germany," the first trickle of marketable items from ex-enemy nations is being offered for inspection at the U. S. Commercial Co.'s New York office.



Headed for U. S. markets, raw silk, being loaded at Yokohama, represents a major export item in Japan's postwar struggle to regain economic footing.

to stimulate production of commodities for export.

• **British Cautious**—The idea is that the products exported will have an average value of four to five times the dollars invested, thereby creating additional dollars with which to import still more raw materials and produce greater quantities of goods for export.

The State Dept.'s goal is to push the value of German exports from the U. S.-U. K. zones up to around a half-billion dollars annually by the end of next year. A more realistic deadline probably is not earlier than mid-1948. The British are insisting upon making haste slowly; they are seeing to it that the approved types of German production do not conflict with their own experts. Most of the production facilities from which the export products must flow are in the U. K. zone.

• **First Deals**—Two programs which are likely to be financed initially from the prospective \$10,000,000 RFC credit are beyond the talking stage. One involves a \$1,000,000 purchase of clay in Czechoslovakia and decorative materials in the U. S. for stepping up German output of ceramics. If this plan goes through, Dresden china will return to world markets next year, along with other types of German chinaware, artware, and pottery.

Another \$750,000 of the RFC money is expected to be used to buy brass and other metals in the United States for use in German precision instruments.

The State Dept. people estimate that \$1,000,000 invested in ceramics materials will bring \$6,000,000 to \$7,000,000 worth of goods, export value, in perhaps six months. They expect that each dollar put into materials for in-

struments will gross \$3 to \$4 in finished articles.

• **Textile Plans**—Already in progress, of course, is the cotton textile program involving both Germany and Japan. However, the German end of the deal is far behind schedule because of the maritime strikes. This program involves shipment of 890,000 bales of Commodity Credit Corp. cotton to Japan and 220,000 bales to Germany at a total "investment" cost of \$190,000,000. From this, a gross return in sales of finished textiles of \$325,000,000 for Japan and \$100,000,000 for Germany is anticipated.

None of these textiles is to return to the U. S. domestic market, although considerable amounts of the product will replace, in China and Europe, goods which had been coming temporarily from American mills.

A relatively small wool textile program also has been worked out between the U. S. and the British (BW—Nov. 9 '46, p105).

• **Japan Less Costly**—Except for the cotton deal, no program comparable to that for building German manufactured goods has been even discussed for Japan. This is due almost entirely to the fact that there is no final reparations settlement for that country. Until MacArthur knows which plants are to be taken from Japan and which will remain, there is little incentive to push production anywhere.

We are already getting more offset dollar credits against our bill in Japan than we are in Germany, mostly in raw silk but also in metals, rubber, tea, and chemicals. And some Japanese production of ceramics, vegetable waxes, and fancy fish, among other items, is devel-

oping without the artificial stimulus of imported raw materials.

The Christmas tree bulbs are in this category, too. One shipment of 1,250,000 lamps has arrived; it is probably the only consignment that will reach here for this season's market.

• **U. S. Market Protected**—Not all the export production of either Germany or Japan is going to be dumped on the American market. Quite the contrary is true of the presently scheduled items. The U. S. Commercial Co., an RFC subsidiary which is OMGUS' agent for everything shipped so far, estimates the outside limits on its expected business in the fiscal year ending June 30, 1947 (when USCC is presently slated to die), at \$450,000,000 to \$500,000,000 of goods from Japan and \$115,000,000 to \$120,000,000 from Germany.

These figures include the cotton textiles made from the CCC cotton, all of which are going to war-torn countries. Thus, the gross business other than cotton fabrics through next June totals \$125,000,000 to \$175,000,000 from Japan and \$15,000,000 to \$20,000,000 from Germany. Most of this should be expected in the U. S. market.

USCC's list of expected German goods includes cameras, hops, chinaware, artware, toys, wines, and technical instruments. So far, no outside limits are obtainable for the classified items, but less than \$1,000,000 worth of most of them will come into U. S. markets by the end of June.

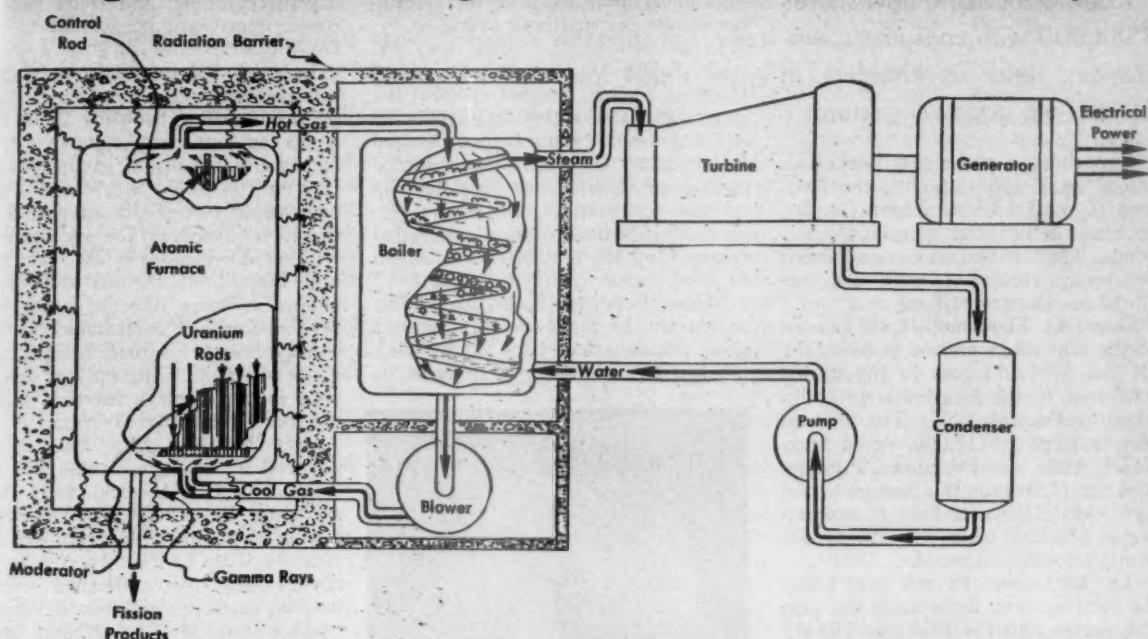
• **Private Trade Hampered**—Additionally, of course, USCC acts as agent in deals involving German goods privately arranged for by American businessmen through OMGUS with German producers. Japan has not been opened to any but government operations.

The volume of "private" German business has been below expectations (BW—Oct. 5 '46, p113). At least a part of the reason lies in the deficiencies, both in quantity and in quality, of OMGUS' staff. Before American businessmen can be cleared into Germany, OMGUS must state that exportable items of the type desired are available there. It is easier for an overworked staff to say no than to investigate.

• **Commerce View**—As a result of such experiences, the Commerce Dept.'s Office of International Trade, which has been handling clearances of Americans to Germany, does not take an entirely sanguine view of the prospective results of the State Dept.'s eager-beaver program for pumping raw materials into Germany in order to wipe out our occupation deficit.

Generally speaking, OIT would just as soon see a more realistic effort to reestablish export trade on the traditional basis between exporter and importer, subject of course to OMGUS supervision.

Design for Harnessing Atom to Wheels of Industry



Use of atomic energy as fuel for an electric power plant (BW—Oct. 26 '46, p24) has reached the sketching stage. This schematic diagram pictures the projected power installation which Monsanto Chemical Co. has contracted to build for the government at Oak Ridge, Tenn.

The sketch indicates that the world's first atomic power plant will include all elements of a conventional power station. The design and construction job is essentially one of

finding ways to use a new—and dangerous—fuel.

Interesting is the indication that only the atomic pile-furnace and boiler will have to be shielded for protection of personnel against radioactivity. Apparently water heated to steam, by whatever heat transfer agent is used, will not carry radioactivity to the turbine.

Start of construction of the Oak Ridge plant probably is still nearly a year off. Initial operation is at least

two years in the future. In fact, the size of the unit has not been decided, although the Baruch report on power economics to the United Nations atomic commission hints that the scientists are thinking in terms of about 75,000 kw.

Oak Ridge scientists also are uncertain what is the best heat transfer agent. Ordinary water, heavy water, inert gases, liquids other than water, or even liquid metals theoretically can be used.

Tractor Split

Ford Motor to stop making units for Ferguson but plans another model under own name. Unusual pact is canceled.

An unusual relationship in American business started toward dissolution this week. Ford Motor Co. is canceling the arrangement under which it has been making tractors for Harry Ferguson, Inc., with little more than an oral understanding to bind the deal.

• **Elder Ford's Project**—Harry Ferguson, an English inventor, came to Henry Ford in 1938 with a unique idea for a light tractor. The elder Ford, always an exponent of progress in agriculture, embraced the idea with enthusiasm.

Ford toolled up for volume manufacture of the tractor starting in 1939, its

first effort in this field since its Fordson tractor of a decade earlier. Ferguson suddenly found itself a big factor in the tractor industry—not alone because of the Ford backing, but also because the inventor's theories of tractor and implement hookups made him a controversial figure in the farm implement field (BW—May 20 '44, p36).

• **Competition in Britain**—The motor company later became dissatisfied with the bargain. And Ford was none too happy about a recent move by Ferguson into the British market, where Ford has continued to produce Fordson tractors. When Ferguson arranged earlier this year to make its tractors in Britain, in competition with Fordsons, some people in the industry believed they sighted the end of the Ford-Ferguson arrangement.

Particularly did this seem true in the light of determination by Henry Ford II that any operations not producing a commensurate profit for the company would

be closed out (BW—Mar. 16 '46, p28). This week the predictions came true. Ford notified Harry Ferguson that it was canceling what it viewed as a day-to-day arrangement. A termination date of next July was decided on to give Ferguson time to find other manufacturing facilities. Ferguson said only that his tractor will be manufactured after July 1.

• **Stays in Market**—And Ford does not intend to go out of the tractor field. Its Ford-made tractor to be built after next July will be marketed through a new corporate structure. Ford dealers will be distribution outlets. At present, trade estimates are that probably half the rural distribution of Ferguson tractors is through Ford automobile agencies, so they will simply go on selling products similar to those they have marketed in the past.

The others, Ferguson outlets, will depend on what Ferguson can furnish them.

3-Way Dividend

Hartford Electric Light shares \$584,000 with consumers, employees, and stockholders in 21-year-old goodwill gesture.

Confirming a policy that rates goodwill above abnormal profits, the Hartford (Conn.) Electric Light Co. has declared another of its community dividends. The distribution was announced last week, coinciding with the pre-Christmas shopping season.

• **Shared by Thousands**—Total amount of the Christmas present is \$584,000. Of this \$381,000 goes to the 81,000 customers in the form of a 45% discount on December bills. The 850 employees receive \$117,000, or an additional 45% on December earnings. And the 13,200 stockholders get an extra dividend (payable Feb. 1) amounting to \$86,000, which is 45% of one month's regular dividend.

The declaration for this year brings the total amount voted since the plan was inaugurated (in 1925) to \$5,851,000. Of this the customers got \$4,272,900, the employees \$781,000, and the stockholders \$797,385. Last year's distribution of more than \$1,000,000 set a record for the company.

Customers have always received the largest divvy because the company considered their goodwill of primary importance. Buyers of electricity have collected 16 dividends in 21 years, while employees and stockholders have received eleven each. Consumer dividends are not uncommon in the utility industry, but Hartford's plan is unique in its three-way distribution.

• **Rate Reductions, Too**—Hartford Electric executives resent any implication that this device is an inoculation against rate revision. Many state utility commissions are now considering demands for reduction, directing an ominous gaze at profits largely the result of tax savings (BW—Sep. 28'46, p81).

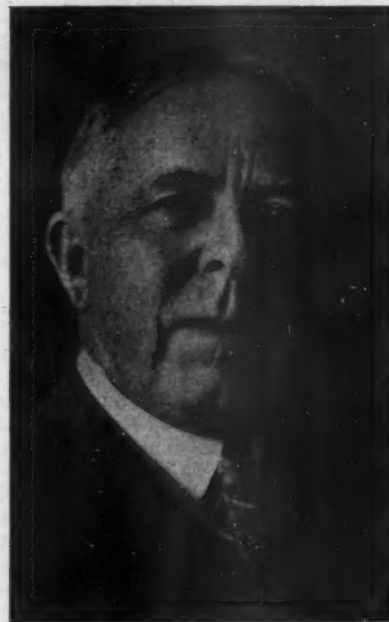
As proof of a clean conscience, Hartford Electric cites rate reductions which it put into effect Aug. 1 after the Connecticut Public Utilities Commission asked it to review estimates of postwar volume. The rate cut applied to commercial and industrial users. It amounts to \$600,000 annually. Since the customer dividend plan was started, there have been 20 rate reductions, totaling more than six times the sum of the 16 dividends paid to the consumers.

• **Not a Fixture**—Hartford Electric officials have another reason for emphasizing the fact that its customer dividend is not a rate reduction nor a substitute therefor. Rate reductions become fixtures. The dividend is a bit of good

fortune stemming from conditions that may be temporary. Thus the record is cited to keep customers, employees, and stockholders from accepting this December manna as a matter of course.

In announcing the good news last week, Austin D. Barney, president of Hartford Electric, pointed out that the surplus available this year was the result of abnormal circumstances. Demand for electricity was heavy while needed plant improvements had been held up by war restrictions. "Substantial expansion" is planned to meet anticipated volume, and the cost of this is certain to affect future customer dividends.

Many utility companies have shown an interest in the Hartford Electric's plan. A committee of the Edison Electric Institute is making a study of its



Reading storm signals in 1926, Samuel Ferguson tied up his Hartford Electric Light Co. to public goodwill and rode out the big blow.

operation for possible recommendation to its membership.

• **A Wise Prophet**—As applied in Hartford, the customer dividend is the manifestation of an unusual man and an unusual company. It was developed by Samuel Ferguson, now board chairman, who not only possesses an oversize quota of Yankee common sense but who has proved himself something of a sage and prophet.

Back in 1926 when Insull, Doherty, Mitchell, and a dozen others were competing for electric companies to swell their "empires," Ferguson foresaw what was going to happen. Moreover he shouted his convictions into the big wind that was blowing. He warned

against speculators' unloading holding company securities at manipulated prices and added: "There will be an eventual day of reckoning, and when that day comes it may not be possible to separate the sheep from the goats."

Ferguson was careful to see that his company was not among the goats. It was an operating company then; it remains an operating company today. Not one of the biggest companies (net sales in 1945 were \$11,786,000), it is nevertheless one of the most solid and widely respected in the industry.

• **Other Dividends**—While the Hartford Electric's Christmas dividend is unique in some respects, other firms have worked out comparable forms of holiday favors. Eastman Kodak's wage dividend is an outstanding example both in the amount disbursed and in the time period covered (page 19).

Also, Menasco Mfg. Co. has announced something new this year as a seasonal greeting to stockholders. They are given the privilege of priority in buying its products for Christmas gifts. Holders of up to 250 shares may purchase direct two Menasco electric washing machines and two automobile bumper jacks. Holders of larger blocks may buy four of each item.

BATTLE OF ST. LOUIS

Efforts of the Atchison, Topeka & Santa Fe Ry. to obtain direct entry into St. Louis from Kansas City are meeting strong opposition. The Santa Fe proposes to use tracks of the Alton (soon to become part of the Gulf, Mobile & Ohio) and of the Chicago, Burlington & Quincy (BW—May 11'46, p28).

Opposing the plan at Interstate Commerce Commission hearings in St. Louis are several southwestern carriers. These include the Missouri Pacific and the Mop-controlled Texas & Pacific, and the St. Louis Southwestern, a Southern Pacific affiliate. Others are the St. Louis-San Francisco; Chicago, Rock Island & Pacific; and Kansas, Oklahoma & Gulf. In the fight also are the brotherhood employees of these railroads.

The opposition contends that the Santa Fe is merely trying to "muscle in" on traffic already developed and satisfactorily handled by the southwestern roads. Its entrance into the city, they claim, would bring no new traffic. They contend that it would merely result in a further splitting up of available traffic. This would reduce their revenues and greatly hamper their capacity to improve facilities. Finally, they contend their over-all efficiency in serving the area would be impaired.

Backing Santa Fe's proposal are the Alton and Burlington lines, their brotherhoods, various shippers, and the St. Louis Chamber of Commerce.

Appreciation in Cash

Eastman Kodak's plan, now in fourth decade, this year adds more than \$8 million to employees' incomes. Firm's many security measures harmonize labor-management interests.

To the 47,500 employees of Eastman Kodak Co., Tuesday was a day of glad tidings. It marked the announcement of the \$8,500,000 wage dividend which will be paid to company personnel for the current year. This amount is an all-time record and raises to about \$75,000,000 the grand total of extra payments made under the plan which labor-conscious George Eastman inaugurated in 1912.

At the same time the company declared a year-end dividend of \$2.50 on the common stock, bringing to \$7 the total dividend on the 2,476,000 shares. This duplicates last year's payments.

• **Happy Interlude**—Though the measure of the company's 1946 appreciation of the workers' job is now revealed, the money will not be spendable until employees get their checks next March. The beneficiaries—both wage earners and businesses which they patronize—thus have some four months of happy anticipation ahead.

This wave of buying power will resound cheerily from the cash registers of Rochester, Kodak's home town. Here the company has about 32,000 employees. One out of every three Rochester industrial workers is on Eastman's payroll. In March they will have almost \$6,000,000 extra to spend in the community.

• **Potent Tonic**—During the hard times of the early thirties, loosening of the dividend flood on the financially parched city created a holiday atmosphere. Newspapers ran special advertisements, old debts were erased, and the infusion was generally stimulating. Partly because Eastman and his executives advised against senseless spending, partly because the wage dividend came to be accepted as a matter of course, the payment now causes few surface ripples but affects profoundly the economic depths.

A Kodak workman may use his wage dividend to pay off the mortgage on his home. For a company executive the dividend may be a welcome aid in meeting federal income taxes, whose first-quarter payment falls due about the time checks are issued. There is always an appreciable rise in savings bank deposits. And in less restricted times, mid-March was the accepted date for buying a new automobile.

• **Claim on Profits**—Among the many forms of special worker rewards, Eastman's wage bonus remains unique. In perfecting it George Eastman (who

died in 1932) recognized a special obligation of the company to its employees and gave them a claim on profits comparable to that of stockholders. The plan applies both to Tony Baccigalupi, the porter, and to Thomas Jean Hargrave (cover), Eastman's president. No other bonuses are paid to company executives.

In discussing the dividend plan Eastman once said: "I do not agree with the idea of trying to drive employees . . . to buy shares in the company."

It was not that he was afraid that a block of stock in the hands of workers might someday prove difficult for company officials to handle. He believed that his people ought to buy homes whenever they got extra money. If common stock sales were actively promoted by management, there was certain to be bad feeling when the price declined. Moreover, the holder would probably need to sell during a period of low stock prices.

• **Dual Purpose**—There has been little change in the dividend plan from the Eastman original. His basic idea was to

gear the wage dividend to the common stock dividend. This gave the employee not only a sense of security, but a direct, personal interest in increasing company profits.

Only once in 35 years has the wage dividend been passed. That was in 1934, when earnings on the stock fell below the minimum on which the wage dividend is computed.

• **How It Works**—The wage dividend (paid in a lump sum) is based on the amount voted on the common stock for the preceding year. Employees participate in proportion to their earnings the previous five calendar years. But there is a \$15 minimum even for those who start work on Dec. 31. For example:

A person at work at the end of 1946 whose service has been continuous, or who began prior to Oct. 1, 1946, will receive the wage dividend whether or not he remains in the employment of the company beyond Dec. 31, 1946. Those hired between Oct. 1, 1946, and Jan. 1, 1947, will receive the dividend if they work until the date of the payment in March, 1947.

• **Dividend Rate**—The formula provides that for each dollar by which declared dividends on the stock during the year exceed \$3.50 per common share, the wage dividend rate is one-half of 1% of salaries or wages during the five years preceding the payment date.

The 1946 dividend on the stock is



TO PREVENT INDUSTRIAL BLIND SPOTS

Last week in Washington, representatives of the synthetic rubber industry wore blindfolds for an hour—the better to see the point of adequate eye protection. The occasion: the Office of Rubber Reserve's Safety & Fire Conference. The "dark hour" session helped dramatize the growing importance of accident prevention in maintaining today's high production levels.



NEW MODELS ON THE ROAD BACK

It's a rare week nowadays that doesn't yield a fresh crop of devices fashioned to remold the design for living and working. Picked at random: an easy-do oyster shucker, a remote control for typing abed, a rapid-fire bloodcounter, and a half-way measure in slacks for ladies. The shucker, produced by Shuck 'Em Inc., 108 Beekman St., New York, exerts a circular pressure, literally twists the shells apart. The remote keyboard, designed for war veterans, is the product of International Business Machines. American Optical Co.'s new hemoglobinometer (below) measures blood specimens in three minutes, a reported saving of 30 minutes. To be offered in three sizes, the "Bobbyslax"—protection against wintry winds—were dreamed up by an Evanston (Ill.) housewife.

\$7, or \$3.50 above the minimum base for wage dividends. Hence the rate for the wage dividend for 1946 is 1½% (½ of 1% multiplied by 3½) of the five-year wage. As this year's payment worked out, an employee qualifying through five or more years' service receives about 4½ times his weekly wage as his dividend. (Those with five-year average earnings of \$50 a week get a dividend of about \$225.)

Employees of less than five years' service participate proportionately.

War veterans who have returned to the company also participate. Time spent in the services is taken into account when wage dividends are calculated.

• **A Generous Inconsistency**—George Eastman liked to consider himself a hard-boiled philanthropist and a stern executive, impervious to pure sentimentality. He argued that he did everything he could to avoid the type of paternalism which numbs self-reliance. To his workers he protested that the wage dividend was a right they had earned and not a charity. It was a just due and "no strings were attached."

Just the same he could soar to generous inconsistencies. One evidence of this is that, despite his distaste for selling stock to employees, several thousand of them now own stock in the company. Some bought on their own but a stronger impulse was supplied by the founder.

• **Stock Bargain**—In 1919 Eastman announced that he had decided to meet an obligation he owed to his older employees. He donated 10,000 of his own holdings of common shares and had the company set aside an additional 10,000 shares for sale to the veterans.

It was a sale in name only. Employees were allowed to buy the shares at the par value of \$100 each though they were worth more than \$500. Dividends then were \$40 a share.

Within two and a half years the stock was paid for by the amiable process of allowing dividends to apply on the purchases. Benefits of the scheme to workers were doubled when all money from the transaction was turned over to the employees' welfare fund.

• **Aim: Worker Security**—This concern for the security of his workers was a mainspring of Eastman's philosophy. Back of the wage dividend was the belief that employees would salt away the extra income as a bulwark against inclement times. For years he tried to ignore evidence that workers were spending, not saving, the money.

Luckily for the company's rank and file, Eastman had a standing order with the outer guardians of his office for the admission of a certain supersalesman of insurance. The Kodak king was fascinated by the man's talents. Following a eulogy by this master on pen-

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sion plans, Eastman summoned his top executives and said:

"Let's look into the possibilities of group annuities."

• **Insurance Protection**—Numerous extensions of employee protection followed. The company pays the entire cost of the retirement annuity plan, which is administered by Metropolitan Life. Men with a minimum of 20 years' service and women with 15 years' are eligible. Payments (made in monthly instalments for life) equal 1% of the individual's total earnings, plus another 1% of earnings between \$3,000 and \$10,000 annually, plus 1% for earnings over \$10,000. This formula takes into account the fact that social security benefits do not apply to earnings over \$3,000 a year.

Under the company's voluntary group life insurance (also administered by Metropolitan) coverage is twice the employee's normal annual pay. The individual pays 6¢ per month per \$100 of insurance, the company paying the rest.

If a worker becomes totally disabled, the life insurance plan provides an income. Those who have been with Eastman less than 15 years contribute to the premiums and receive payments for six years. Those with more than 15 years are paid under disability provisions until they qualify for annuities, which then are paid under the regular plan until death; for them the company bears the full cost. Sickness benefits are paid, too.

Vacations-with-pay are graduated, those with over 15 years' service being allowed three weeks.

• **Unemployment Benefits**—In 1903 the Kodak company began its fight against seasonal unemployment, inaugurating a system which built up stocks in slack periods for peak-season deliveries.

Eastman pioneered this field. In the black days of 1931 the company enlisted the aid of 13 other concerns in the formation of the Rochester Plan for unemployment benefits. Payments were first made to the jobless in 1933, the cost being less than 1% of payrolls. The Rochester experience was used as a guide in framing federal social security legislation.

• **Labor Relations**—The benefits tend to fuse the interests of an employee with those of the company and to make him better satisfied the longer he stays. Here is the theme of Eastman's labor harmony. It is a policy that has been nourished as a major determination since the foundation of the company.

Eastman plants are not organized. Last summer (BW—Aug. 31 '46, p. 77) an election was held in Eastman's atomic unit at Oak Ridge, Tenn. The C.I.O. and the A.F.L. battled to see who would represent the employees. In a run-off election last September, the majority of votes was cast for "no union."

Credit Controls Relaxed

But Federal Reserve Board's Regulation W still keeps grip on instalment sales of major consumer hard goods. Charge accounts now free, but merchants are wary as delinquencies rise.

More and more, U. S. consumers are going back to their prewar habit of buying on the cuff. At least part of the steam in the current retail sales boom has come from the mushroom expansion of consumer credit, which grew over \$2,500,000,000 in the past year.

• **Government Aim**—Federal monetary authorities are not trying to stop the process. But they do hope to steer part of the new credit away from goods that still are in painfully short supply. And they intend, if possible, to keep down-payments and maturities from getting so easy that they lure the consumer in over his head.

To do this, the Federal Reserve Board will make its controls on consumer credit much more simple, effective Dec. 1. This overhaul of the board's Regulation W really is a shrewd move designed to prevent all consumer credit controls from being thrown overboard in the general rush to scrap government controls.

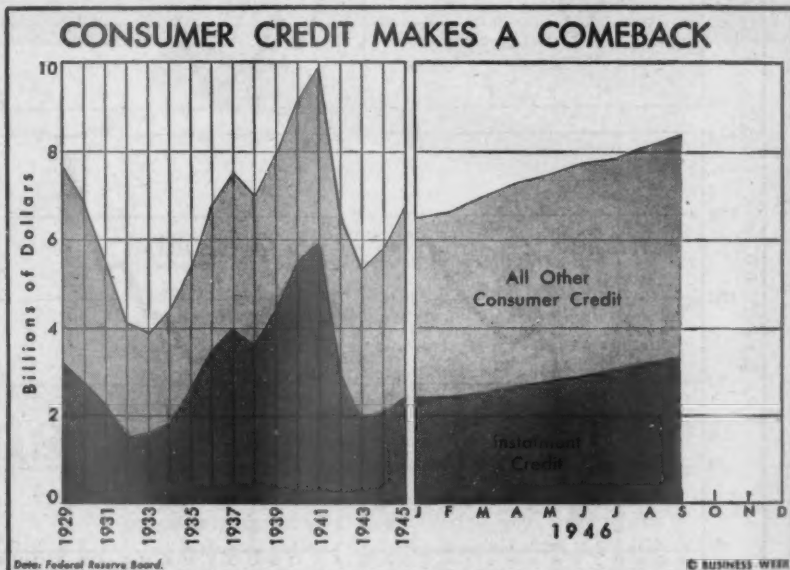
• **Problem Is Growing**—As the board's experts see it, there is more danger of excessive borrowing by consumers today, with consumer hard goods coming

back onto the market in increasing volume, than there was during the war.

If everything works out, the new version of Regulation W may prove more effective than the old in several respects. It is easier to enforce. It will draw fewer brickbats from the lending groups, such as the Morris Plan bankers, who have been fighting to get all consumer credit controls repealed.

• **Coverage Trimmed**—Before the revision, the controls covered a long list of consumer durables and nondurables, ranging from air-conditioners to yard goods. They also applied to charge accounts, single-payment loans, and instalment loans. The most generous terms allowed for most instalment transactions were one-third down and twelve months to pay.

The streamlined version of Regulation W thins down the list of items to an even dozen—automobiles, refrigerators, stoves, washing machines, ironers, dishwashers, air-conditioners, radios and phonographs, sewing machines, vacuum cleaners, furniture, and carpetings. Credit extended on any of these items, either by the seller or by an outside lender, must call for at least a one-



Consumer credit hit its all-time peak just before the war when it topped \$10 billion in 1941. After that, the steady runoff of instalment paper dragged it down to the lowest levels since the mid-30's. Now, with charge accounts high and instalment credit booming again, the total is climbing back toward the 1941 peak. At the end of September, all consumer credit hit \$8,395,000,000; instalment credit climbed back up to \$1,185,000,000.

third down-payment (one-fifth for furniture and carpetings) and 15 months' maturity.

• **Firm Grip Retained**—All other installment sales, all charge accounts, and all consumer loans for the purpose of buying unlisted items are to be free of control. But the board believes that its continued control over the twelve major consumer durables is enough to give it a firm grip on the greater part of the installment business.

It plans to keep the present rule in effect until some time next spring, then relax it item by item as the supply situation in hard goods eases up. This program has White House backing up to a point. But if either Congress or the various lending groups protest too loudly, the board may be forced to shorten its timetable.

• **Peak in 1941**—Consumer credit hit its all-time peak just before the U. S.

entered the war. At the end of 1941, the total stood at \$9,899,000,000, with installment credit accounting for \$5,924,000,000.

During the first years of the war, installment credit faded out rapidly, partly because of Regulation W, but more because of the shortage of consumer hard goods. By the end of 1943, the total was down to \$5,338,000,000, and installment credit had trailed off to a scant \$1,961,000,000.

After 1943, the total turned up again, principally because charge accounts were growing. Installment credit, however, didn't turn the corner until shortly after V-J Day. Since then all lines of consumer credit have been booming. If the present rate of growth continues, the total will top the 1941 record some time early next year.

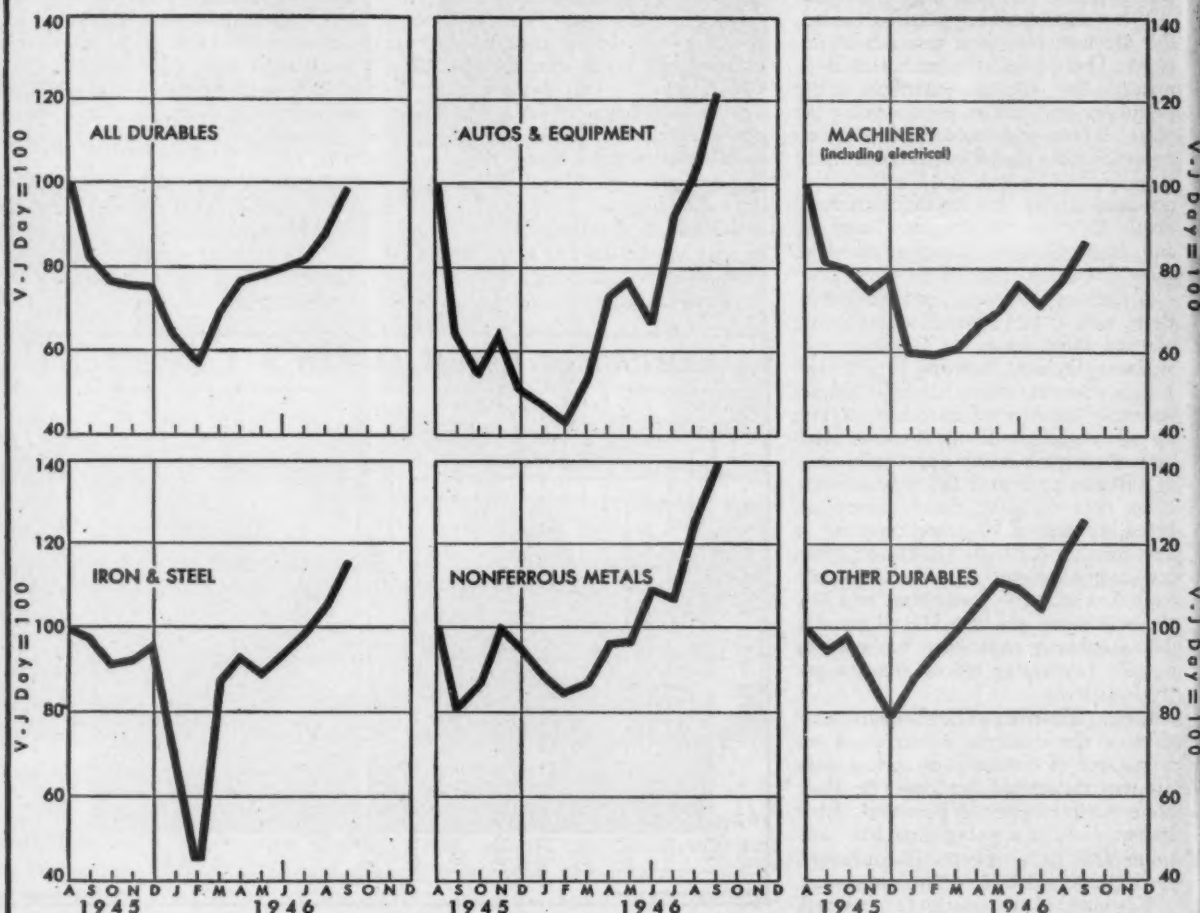
• **Aimed at Congress**—The Reserve Board still hopes that Congress will pay

some attention next session to its suggestion for a system of permanent consumer credit control. With this in mind, it has tried to make the new version of Regulation W an example of the way it would handle permanent authority. But the odds are that the new Congress will coldshoulder all suggestions for permanent controls of any sort.

Even so, Regulation W may acquire a certain amount of historical significance. The trend in central banking these days is more and more toward selective credit controls (as contrasted with orthodox methods such as varying the rediscount rate). Regulation W and the Reserve Board's authority to set margin requirements for trading on the securities exchanges are steps in that direction.

• **Charge Accounts**—As Regulation W will stand after Dec. 1, the biggest loop-

DURABLE GOODS SHIPMENTS START TO ROLL

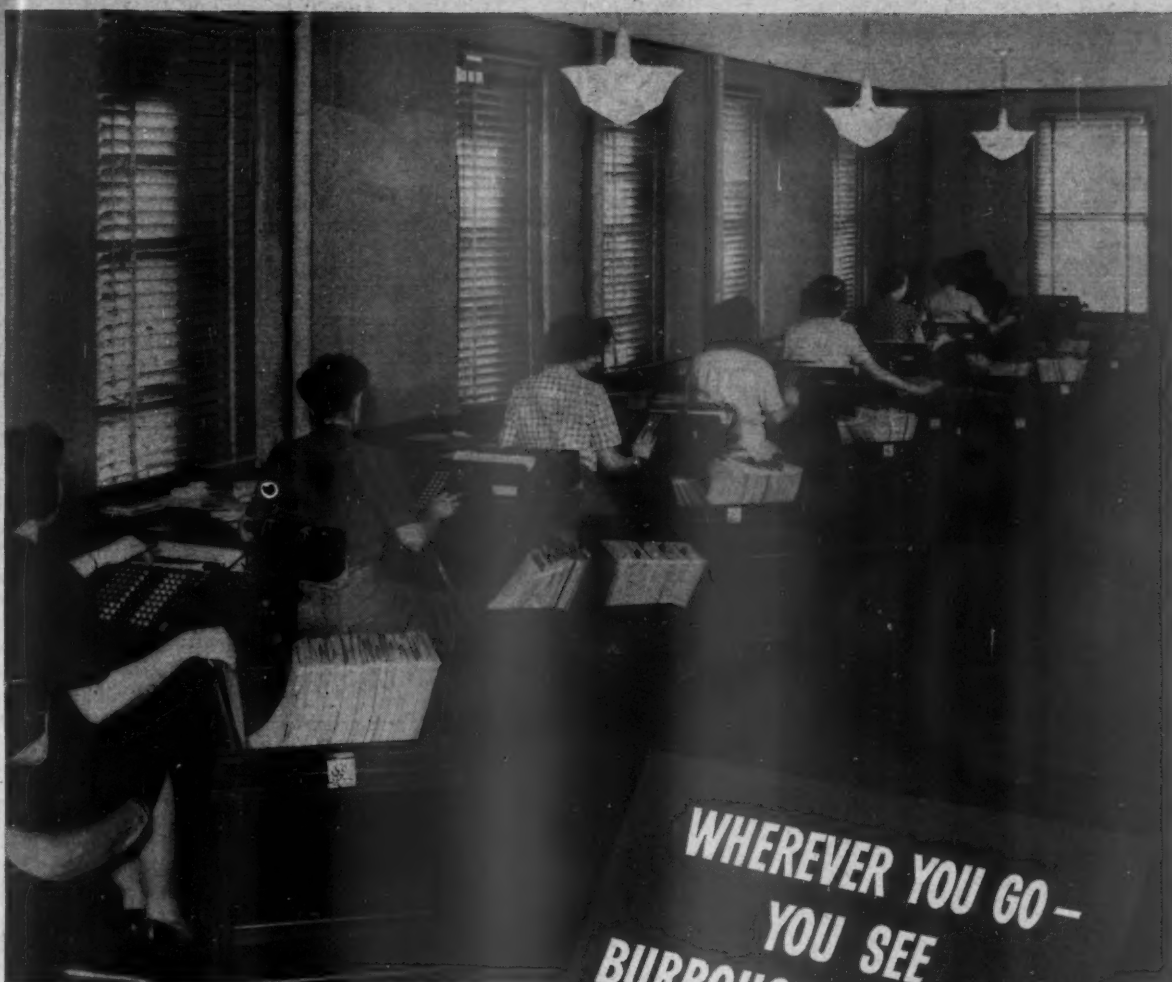


Stats. Dept. of Commerce

© BUSINESS WEEK

Shipments of durable goods have all exhibited pretty much the same pattern since the end of the war. They dropped after the cutbacks of war orders. Then came a slight climb, halted by the terrific dive that coincided

with the strike wave early this year. Gains since then have been steady, with the percentage rises from July to September of this year most impressive. For example, shipments of nonferrous metals rose 33%.



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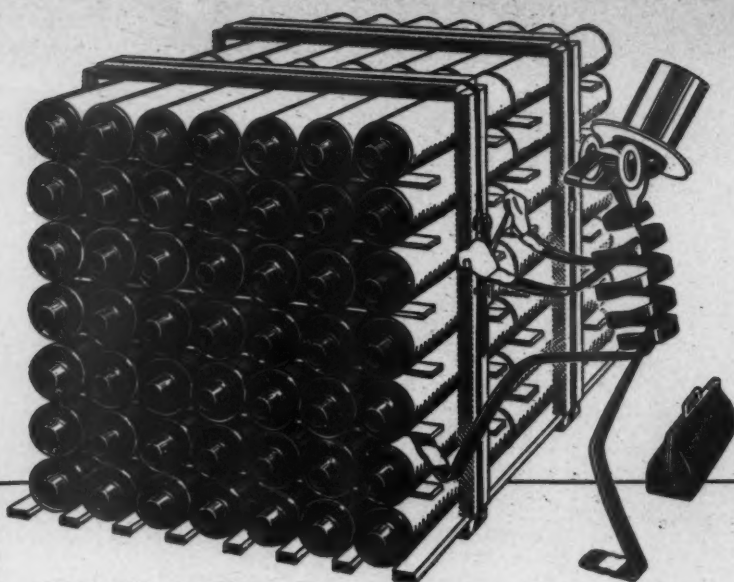
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hole is the exclusion of charge accounts. But the experts think few stores will let their charge business get out of hand in the next few months.

Businessmen are taking a cautious and careful squint at the credit they have been allowing. Years of lush selling, prompt payment, and trifling losses from bad debts have conditioned sellers to offer ready credit. But now they aren't quite so sure.

• **More Bill Skipping**—The signs pointing to the need for credit review have prompted the National Retail Dry Goods Assn. to blanket its members with a survey which shows, for instance, that bill skipping is on the rise in the East, South, and Southwest.

While the survey shows that department stores are still expanding their credit accounts, 87% of the credit men reporting to the association believe credit risks must be watched more carefully from now on. They backed up their recommendations with 15 reasons for taking a long look at their credit accounts. According to the same report, payments have slowed up in nearly half of the 210 stores canvassed.

• **Overbuying Is Noted**—Threading through the credit men's reasoning is the apparent opinion that customers voluntarily or involuntarily, are over-



FOR RAILROAD TALK

Pennsylvania R.R. crewmen now have their own "private wire" for intertrain, intercrew, or for control tower communications. It's Union Switch & Signal Co.'s Carryphon (above), which is good for distance up to 15 miles. The device sends out electrical waves that ride rails or wire by induction, do not interfere with radio operations. The system is being used on tracks between Harrisburg and Pittsburgh, and on the Belvidere Delaware branch, New Jersey.

Ever see a locomotive that

EATS ITS OWN SMOKE?



IF YOU haven't seen one yet, the chances are that you soon will. For already, more than a thousand such coal-burning locomotives are in operation on American railroads.

The ingenious equipment that gives locomotives this smoke-eating appetite is the direct result of continuous research by the coal industry. Steam-propelled air, streaming from over-fire jets, supplies the necessary turbulence and oxygen to burn the volatile matter distilled from the coal before smoke can be formed.

In recent years, many millions of dollars have been

spent by coal operators for research in order to discover and devise ever-new and improved ways to get the greatest possible usefulness out of coal—with the least cost.

Research projects now at the point of fruition, or well under way, include improved methods and new equipment that will benefit not only the railroad man, the manufacturer, the farmer, and the home owner—but every living person in America!

Thus coal, the "rock of ages," becomes also the fuel of the future—thanks to the enterprise of modern and progressive coal operators.

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CONTAINERS FOR GASES, LIQUIDS AND SOLIDS



FOR A BIG LOAD

For a superbomber, a super "shoe" (above). Goodyear Tire & Rubber Co., its maker, calls it the largest tire ever manufactured—a 34-ply giant for the Army's XB-36 (BW—Aug. 17 '46, p17). Over-all diameter is 110 in.; it measures 44 in. across the beads. The entire unit—tire, tube, wheel, and brakes—weighs in at 4,000 lb.

reaching their means, with the inevitable result that collections have slipped. Federal Reserve figures confirm the downward trend, although the dip is slight.

No increase in bill skipping is reported in the New York metropolitan area, though N.R.D.C.A. lists New York state as one of the areas where skips are on the rise. One-third of the stores in the state report more charge-and-run customers. The survey found growing numbers of skips also in Ohio, Pennsylvania, Virginia, California, Tennessee, and Oklahoma.

• **War Workers Didn't Skip**—Credit men say that there was a singular absence of skips during the war and for a full year after the end of hostilities. They attribute this to war jobs that held people in place.

The lack of housing also helped, but the continuing shortage has not prevented skips from roaming again in several areas.

• **Danger Signals**—The principal reason for tightening up on credit, however, is the postwar drop in take-home pay and the decrease in government disbursements. Increased living costs, layoffs as a result of strikes, and the closing of government agencies rank high, too, as reasons for putting on the brakes.



A 10 Billion Dollar Folly

In the summer of 1859 near Titusville in western Pennsylvania a railroad conductor named Edwin Drake is drilling. He uses steam power generated in an old engine that fills the forest with its groans. People call the venture "Drake's Folly." One day at a depth of 69 feet the boring tools slip into a crevice and oil comes gushing up. Tubs, boilers, barrels are rushed to the spot and filled. It is the first successful oil well in the world and the start of an industry valued at upwards of 10 billion dollars.

Today's drills that can go down 15,000 feet require sturdy rigs and those rigs require sturdy bearings. That's why the name **SKF** is so often specified. For **SKF** units, whether on drilling rigs, draw works or drives, minimize deflection and weave, need no adjusting, and maintain high load-carrying capacity and equalized distribution at all times.

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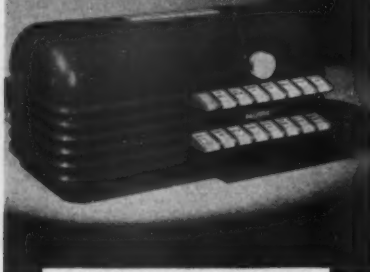


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"Selling" a City

Permanent exposition set
up in Indianapolis Union Station
to display products of the city's
industries to out-of-towners.

A new note in municipal promotion was sounded this month when a permanent display of the products of Indianapolis' major industries was opened in the waiting room of the city's Union Station.

• **Streamliner Motif**—Sponsored by the Indianapolis Chamber of Commerce, the "Indianapolis Industrial Exposition" has 71 exhibits, with space for three more. They are in cases built of plate glass and aluminum to resemble the observation cars of streamlined trains. The display occupies 4,000 sq. ft. of floor space. It is flanked by 20 large murals which illustrate the part industry plays in a large city.

About 3,000,000 persons pass through the terminal annually. The chamber of commerce hopes that enough of these will stop, look, and be impressed to make the exposition worth while. The exhibition never closes. Attendants are always on duty to answer questions, and to furnish any additional information that may be requested about the exhibitors and their products.

• **Delayed by Shortages**—Plans for the exposition were drawn more than two years ago. Shortage of materials is the chief reason for the delay in completing the project. Space was completely subscribed at one point, but three companies subsequently dropped out. Their space is expected to be snapped up by concerns unable to get in on the exposition originally.

The entire project cost in the neigh-

borhood of \$60,000 to install, exclusive of the individual exhibits. This sum is expected to be amortized quickly from space rentals—\$750 for the first year, including maintenance. The railroads which own the terminal donated the floor space without charge. Exhibitors will be required to change their displays often enough to keep public interest from flagging.

• **Distinguished Guests**—Among those attending the exposition's opening ceremonies were the presidents of five railroads serving Indianapolis—Gustav Metzman, New York Central; Roy B. White, Baltimore & Ohio; Wayne A. Johnston, Illinois Central; John W. Davin, Nickel Plate; and John W. Barriger, III, Monon—and James M. Symes, vice-president of the Pennsylvania.

RECORD GLASS OUTPUT

Despite fears that the shortage of soda ash (BW—Oct. 12'46, p. 32) would seriously interfere with production of glass, last month's output of plate glass reached an all-time record high of 23,270,656 sq. ft. This compared with 21,142,287 sq. ft. in September, and 7,334,978 sq. ft. in strike-ridden October, 1945. The previous high, 21,955,771 sq. ft., was set in April, 1937.

The record output made little dent in order backlogs, however, since demand is also running at high levels. Between 65% and 70% of production is going to the automobile industry, which still hasn't reached full stride.

Removal of price controls may be an incentive to still further boosts in output. Increases in labor and material costs had been placing an uncomfortable squeeze on profit margins. Last week, Pittsburgh Plate Glass Co. took the initiative, raising its prices from 5% to 10%. It reported this was the first price revision since 1938.



In Indianapolis' Union Station, the city's industries try something new in promotion: exhibits of their products—in gleaming aluminum showcases that resemble streamlined observation cars—to catch the traveler's eye.

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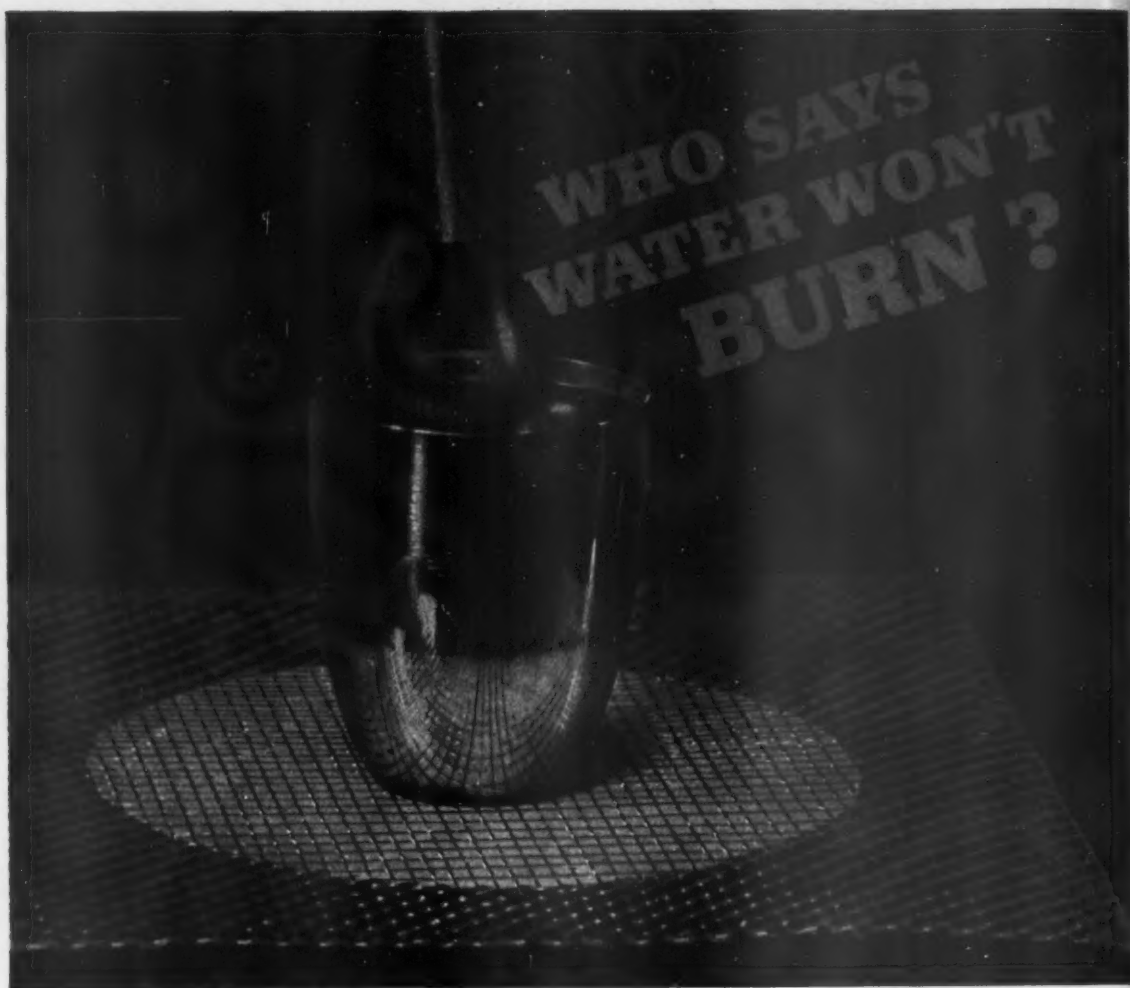
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You probably never expected to see water burning. Yet here is a photograph of water actually being consumed by flame!

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BUSIN

Industry Fans Out

But most new plants are located in traditionally industrial areas, Business Week survey finds. Small cities favored.

American industry is well launched into a period of industrial decentralization but, contrary to curbstone opinion, that does not mean that manufacturing sites are being scattered helter-skelter all over the map.

• **Wartime Pattern Holds**—Even during World War II, when Washington was trying to spot munitions production in "bombproof" areas, the heaviest concentration of wartime expansion was in those states where specific industries had been before hostilities began.

Now that postwar expansion programs are under way, the same thing is true.

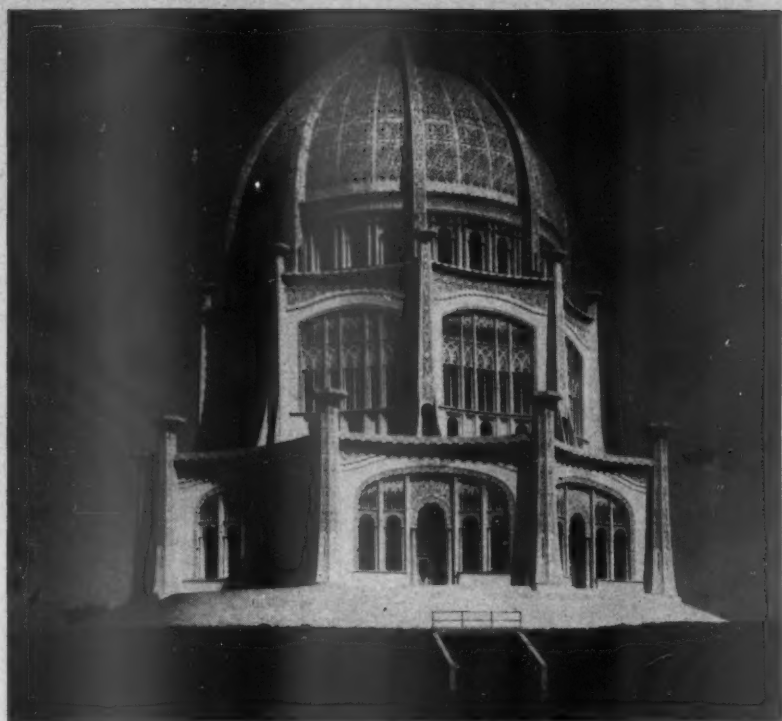
• **Inroads Not Heavy**—New industrial areas have been opened in the South and in the West. But the "older" sections of the country do not appear to be losing much ground. At least, that is one of the conclusions easily drawn from a spot-check made by Business Week.

Six companies in six different types of manufacturing industry were asked where they had plants which they owned or operated in 1940, and where they had built or acquired or had definitely planned plants since that time. The locations of the new plants of these companies—General Motors, General Electric, Philco, Aluminum Co. of America, U. S. Rubber, and du Pont—are shown on the map and table on page 32.

• **Controlling Factors**—What factors are taken into account when away-from-home sites are to be chosen? Existing labor supply is one. Proximity to new or growing markets is another. Good rail and/or water transportation is a third. Others are nearness of raw materials or power or fuel.

Du Pont, for example, chose Wyandotte, Mich., for a site because of availability of important raw materials, power, and steam, and proximity to a large consuming center. The same company is putting a plant at LaPorte, Tex. Availability of rail and water transportation mainly decided selection of this site, which is also close to the cattle and sheep raising areas which will be the chief market for the first product to be made there.

General Electric has planned extensive decentralization, for better control of operations, lower costs, and for recognized social and economic benefits to employees. The large majority of the new plants are relatively small—employ-



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IN the hands of skillful architects and trained engineers, concrete, the versatile structural plastic, provides the beauty of a Bahá'í Temple, and the strength for towering dams and for highways which carry the nation's heaviest traffic.

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Concrete has a hundred uses on farms and in cities. It builds fire-safe, weather-resistant farm and industrial buildings, attractive homes, apartments, hospitals and schools.

CONCRETE FOR LOW ANNUAL COST

With all its advantages of beauty, firesafety, rugged strength and weather-resistance, concrete gives *low annual cost*—the true measure of economy in construction.

We will gladly cooperate with your architects or engineers in securing all the advantages of concrete for your future construction.

Bahá'í Temple, Wilmette, Ill., exemplifies the architectural beauty which can be obtained with concrete. Concrete for exposed surfaces was precast from white crystalline quartz aggregate and white portland cement. Louis J. Bourgeois was the architect.

PORTLAND CEMENT ASSOCIATION

Dept. 11d-12, 33 W. Grand Ave., Chicago 10, Illinois

A national organization to improve and extend the uses of concrete
... through scientific research and engineering field work

ing roughly from 30 to 1,500 people.

General Motors is entering a number of new communities. However, it has a long record of such moves as the number of its plants has increased over the

years. The additions of the postwar period are quite in accord with the general history of the corporation.

As the map clearly shows, the six companies surveyed are putting most of

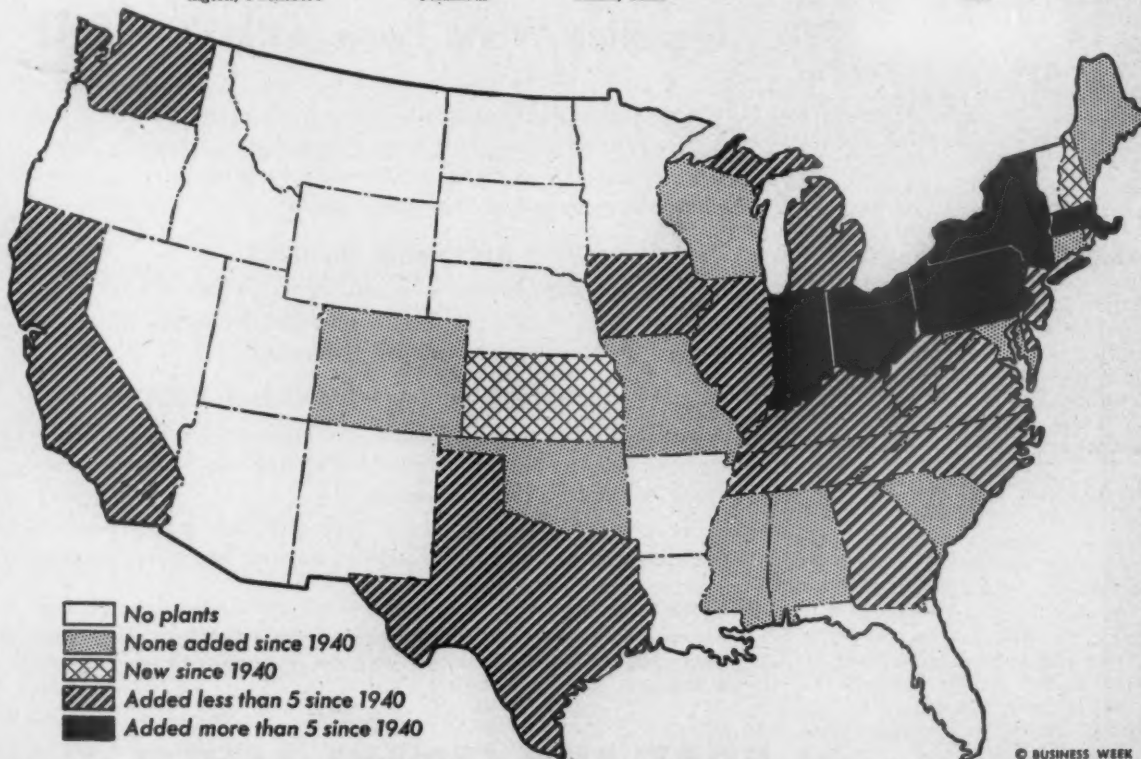
their new plants in states which are already heavily industrialized. And from the table it is apparent that they have demonstrated a nearly three-to-one preference for smaller cities and towns.

Where Six Key Companies Have Located New Plants

In response to a Business Week survey, six major industrial corporations—Alcoa, du Pont, General Electric, General Motors, Philco, and U. S. Rubber—reported that they had established since 1940, or were

definitely planning to establish, a total of 83 branch plants. Only 23 are in cities over 100,000. The map shows the state-by-state distribution; the table city-by-city breakdown. (populations based on 1940 census):

Over 100,000 population	Under 100,000 population	Over 100,000 population	Under 100,000 population	Over 100,000 population	Under 100,000 population
None	California G.E.—Anaheim, San Jose G.M.—Van Nuys (2)	G.E.—Lowell, Worcester	Massachusetts G.E.—Easthampton, Everett, Fitchburg, Holyoke G.M.—Framingham	du Pont—Toledo	G.M.—Defiance, Elyria, Hamilton, Sandusky, Vandalia
G.M.—Wilmington	Delaware None		Michigan Philco—Tecumseh du Pont—Wyandotte	Philco—Philadelphia (2) G.E.—Scranton	Pennsylvania G.E.—Allentown
None	Georgia G.M.—Doraville	G.M.—Grand Rapids			Alcoa—Cressona Philco—Croydon, Lanadale U.S. Rubber—Tacony du Pont—Towanda
G.M.—Chicago	Illinois G.E.—Danville, Decatur, Mattoon G.M.—Danville	None	New Hampshire U.S. Rubber—Manchester		Rhode Island U.S. Rubber—Newport
U.S. Rubber—Fort Wayne	Indiana G.M.—Bedford Philco—Connersville G.E.—Huntingburg, Tell City, Wabash U.S. Rubber—Washington	Philco—Trenton G.E.—Trenton	New Jersey G.M.—New Brunswick	None	Tennessee U.S. Rubber—Milan
None	Iowa Alcoa—Davenport	G.E.—Buffalo, Syracuse, Utica G.M.—Buffalo du Pont—Rochester	New York G.E.—Clyde, Coxsackie, Pt. Edward, Mt. Vernon, Saugerties, Waterford, White Plains du Pont—Lyndonville	du Pont—Chattanooga G.E.—Dallas	Texas du Pont—LaPorte, Orange
G.M.—Kansas City	Kansas None	None	North Carolina U.S. Rubber—Burlington, Gastonia	None	Virginia du Pont—Ballwood U.S. Rubber—Scottsville
None	Kentucky G.E.—Bowling Green, Lexington, Owensboro	G.M.—Cleveland, Columbus	Ohio G.E.—Coshocton, Dover, Salem, Tiffin	du Pont—Tacoma	Washington None
				None	West Virginia du Pont—Washington Bottom

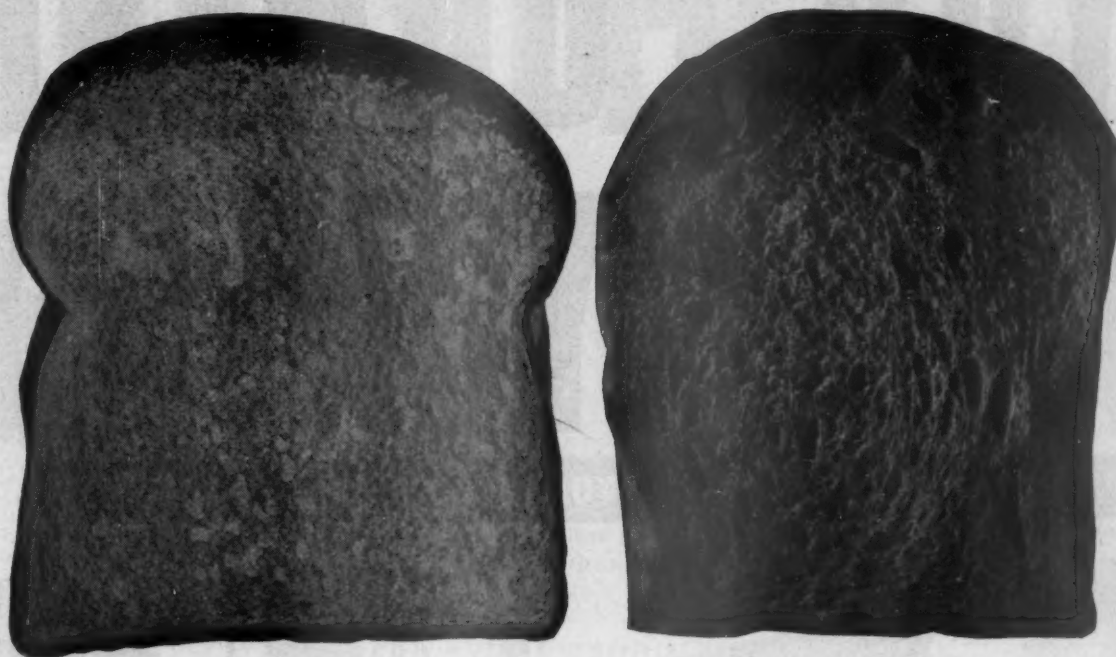


The map is based on all six companies combined. In 1940, there were 18 states in which none of the six had any plants; in only two of these (Kansas and Vermont)

have facilities been set up since that date. But new plants have been acquired in 20 of the 30 states in which the companies were already established in 1940.

© BUSINESS WEEK

SERVING THROUGH SCIENCE



KEEPS DOUGH FROM GOING WILD

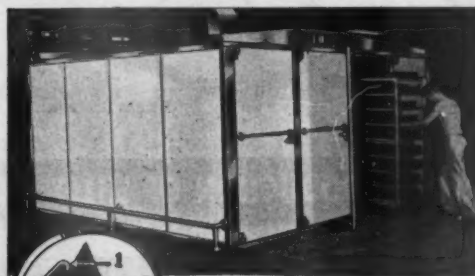
Bakers make dough behave by a process called "proofing." Each batch is placed in a proofing room in which temperature and moisture are rigidly controlled while the yeast is at work. On the success of this operation depend the texture, color and taste of the bread after baking.

"Proofing" rooms have to be sealed perfectly. If moisture is lost from the air, the dough may "go wild," or not develop properly to make good bread. Escaping moisture also may soon cause deterioration of the equipment. This happened frequently, until one leading manufacturer traced the trouble to metal-to-metal contact of the panels.

Working with their designers, United States Rubber Company engineers developed rubber-edging for the panels which insured a perfect seal. And these rubber experts evolved a special compound that would last for years. This more satisfactory design is now in wide use in proof rooms of modern bakeries.

Thus another application of U. S. Engineered

Rubber came to industry's aid. Such new developments are constantly being found. And this broad service—through science—is available to you, as new needs arise.



U. S. Rubber engineers aided in developing this "Triple-Seal" for panels of the bakers' proofing box, or room, shown above. Note how (1) metal edge clamps down, holding rubber in place to lock out moisture, (2) water-proof cement seals rubber edging to frame, (3) specially compounded continuous one-piece rubber edging seals all edges.



UNITED STATES RUBBER COMPANY

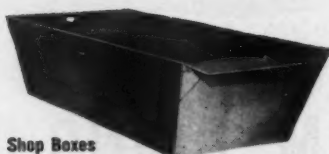
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STANDARD LYON PRODUCTS



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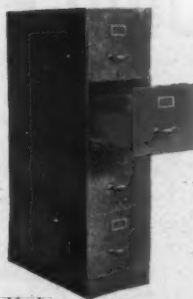
Shop Boxes



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CONTRACT PRODUCTION OF SHEET STEEL ITEMS—GAUGES FROM 8 TO 30



Water Cooler Containers



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Office Equipment Stands

THE STEEL make the product

Lyon facilities for the production of a wide range of sheet steel products are far in excess of sheet steel receipts. Steel producers have been doing the best job in the face of current difficulties but there just isn't enough steel to go around. But, if you have steel on hand, or available, Lyon can give you help in one of two ways:

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To complete your plant expansion or conversion program, we will accept your sheet steel (12 to 24 gauge and certain sizes of band steel) and supply you pound for pound with any selection of "Lyon Standard Products" currently in production, a few of which are: Steel Shelving, Lockers, Shop Equipment, Kitchen Cabinets, Filing Cabinets, and Gravity Conveyors.

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We will manufacture to your specifications: assemblies, sub-assemblies or parts, in gauges No. 8 and lighter up to No. 30; in Lyon production run quantities.

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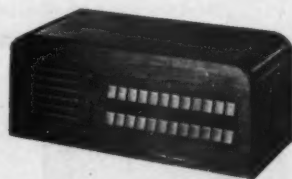
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Cotton Blame

Secretary Anderson says speculation caused last month's price break. Exchange ponders steeper margin requirements.

Speculative activity was blamed this week by Secretary of Agriculture Clinton P. Anderson for the recent collapse in the price of cotton (BW—Oct. 26 '46, p. 22).

• **Big Speculators Hit**—Anderson's statement accompanied the first of a series of monthly reports on trading in cotton, to be issued by his department's Commodity Exchange Authority. He castigated speculators who drive the price of cotton up when the farmer has nothing to sell, and force it down when he has.

Anderson has ordered CEA to include in future monthly reports statements of the nature of all large holdings of cotton futures. While the first report did not contain such a list of individual commitments, it did offer an



SURE FIRE ALARM

With memories of recent fires vividly in mind, hotelmen—including Harry Hoghn (right) of American Hotels Corp.—evinced keen interest in a new patented fire alarm. It was demonstrated in New York last week by R. M. Daschner (left), vice-president of American Communications Corp. When plugged into a hotel's central radio system, the device alerts guests in every room by a siren, permits the broadcast of emergency orders.

IT'S IN DECEMBER HOLIDAY!

FLORIDA - *Gorgeous Hussey*

Holiday magazine brings you a striking portrayal of Florida's Gold Coast, fabulous land of the Big Sunshine. Top feature in the December issue is a portfolio of 46 pages—twelve fast-reading articles on the East Coast with spectacular photographs and drawings that cover every facet of this gilded winter playground.

Theodore Pratt writes a sweeping and dissective summary, "Florida—Gorgeous Hussey" There are features you'll enjoy on Palm Beach, "decadent dowager" . . . Miami, where greenbacks and eyelashes flutter . . . picturesque St. Augustine . . . Hialeah race-track, "the world's most beautiful vacuum cleaner" . . . deep-sea fishing . . . 12 masterful paintings of Florida fish, in color . . . sports and celebrities . . . climate notes . . . Florida cartograph . . . and the bare-skinned beauty promotion of cheesecake publicity photos.

This is a *complete* picture. Holiday reveals to you the dark corners of a racketeers' paradise, along with the superb attractions which bring millions to the Gold Coast every winter.

Yet it's only the kickoff in a big issue packed with more than 40 articles and features. Take a good look at the lively, beautiful new December Holiday!

"Hussey—a pert girl



More advertisers coming into Holiday

Holiday

A CURTIS PUBLICATION

Advertisers are taking more and more space in Holiday—264 columns sold in the December issue.

They're buying this space because Holiday advertising has demonstrated *results*. It goes into more than 400,000 homes of active, able-to-buy people . . . the *top spending families* of the country. The Holiday mood is a Spending mood!

HOLIDAY, INDEPENDENCE SQUARE, PHILADELPHIA 5, PENNSYLVANIA

Exact to the Penny PAYROLL WITHHOLDINGS

Figure withholdings exactly on a Marchant and eliminate tax tables with their inequalities where the pay is close to bracket intervals. As in all figure-work, payrolls are handled easier and faster with controlled accuracy on a Marchant Calculator. The Marchant Man in your phone book will be glad to prove this statement.



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analysis of the combined position of large traders.

• **What the Figures Show**—In the year before the recent price break, "long" speculative holdings of large traders—those holding 5,000 bales or more of a single future—increased 421% from 80,100 bales to 417,000. In just two weeks after Oct. 16, first day of the break, these holdings dropped to 272,400 bales, a decline of 35%.

Figures are not available to separate commitments of small traders into speculative and nonspeculative accounts. But it is known that their total holdings increased 97% in the year before the break, from 1,366,000 to 2,688,700 bales. And in the next two weeks, these holdings dropped 26% to 2,000,350 bales.

On Oct. 16, 17, and 18 when futures went down the permissible limit of 2¢ a lb. each day, the net selling the first day came from the smaller sellers rather than the large speculators. But on the second and third days the big boys sold heavily.

• **Curbs Suggested**—On the same day that Anderson made the Agriculture report public, a special committee of the New York Cotton Exchange made public its recommendations for changes in the margin rules for speculative accounts in cotton trading.

The changes provide: At current prices of about \$150 a bale, new margin requirement would be \$30 (up from \$20). In the case of accounts exceeding 30,000 bales, this base margin requirement would be doubled for the entire account. Finally, speculators would not be permitted to withdraw paper profits to create new positions.

DETAILS OF SEIZED PATENTS

The Office of Alien Property is offering for sale a 4,000-page book detailing "37,000 ways of making money." The book contains summaries of all the mechanical and electrical patents of enemy nationals which were seized by this country in the war, most of which are available to American business for a \$15 administrative fee on a royalty-free, nonexclusive licensing basis for the remaining life of the patent.

In 1945, estimated value of production in this country under licensed use of these patents was \$100,000,000, but OAP believes the amount could be much higher. Considered of particular interest are patents in the fields of electricity and electronics, machinery and metalworking, aeronautical, automotive, foods and food machinery, textiles and textile machinery, packaging machinery and materials, agricultural equipment, printing, and toys.

For copies of the book, send \$10 to: Office of Alien Property, Dept. of Justice, Washington 25, D. C.

How Coal Supplies Look

As the nation watched the coal-labor dispute come to a head this week (page 5), the size of industrial coal stocks became highly important. Coal-consuming industries had an average of 43 days' supply on hand as of Oct. 1, latest date for which complete figures are available. This compares with 49 days' average supply just before the coal strike began last April.

• **Steel companies'** inventories were enough for 35 days on Oct. 1, compared with 38 days on Apr. 1; railroads, 30 days compared with 39. Electric power utilities, on the average, were in the best position of any major industry, with 70 days' supply (down from 95 in April).

But conditions vary widely from utility to utility. Federal Power Commission data, just released, on coal stocks of individual power companies in the Northeast and Middle West show that supplies range from enough for only two weeks to more than enough for a year. These figures are as of Nov. 1, unless otherwise indicated:

Company	Months' Supply
New England Area	
Public Service of N. H.	Nearly 2
Boston Edison (Oct. figures) ..	1½
Northampton Elec. Lighting ..	Less than 1
Narragansett Elec.	8 plus
Conn. Light & Power	1 plus
Conn. Power	Less than 1
Hartford Elec. Light.	5½
Central Atlantic Area	
Buffalo Niagara Elec.	Nearly 3
Central N. Y. Power	Nearly 1
Consolidated Edison	2 plus
Long Island Lighting	2
Jamestown (N. Y.) Municipal Elec. Dept.	¾
Jersey Central Power & Light.	Nearly 2
Public Service Elec. & Gas.	2 plus
Duquesne Light.	12 plus
Penn. Elec.	1 plus
Penn. Power	4 plus
Penn. Power & Light.	5 plus
Phila. Elec.	1½
West Penn Power (Pa. plants) ..	1½
Chambersburg (municipal) Elec. Light Dept.	¾
Middle West Area	
Cincinnati Gas & Elec.	1½
Cleveland Elec. Illuminating ..	1 plus
Columbus & Southern Ohio Elec.	2 plus
Dayton Power & Light.	1½
Ohio Power	2 plus
Ohio Public Service (Oct. figures) ..	1½
Chicago District Elec. Generating ..	2
Ind. & Mich. Elec.	1½
Southern Ind. Gas & Elec.	2
Central Ill. Elec. & Gas.	2
Central Ill. Light.	2
Central Ill. Public Service	2
Commonwealth Edison (Oct. figures) ..	2 plus
Consumers Power	1 plus
Detroit Edison	3
Wis. Elec. Power	4½
Wis. Public Service	5

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SUN'S "JOB-PROVED" PRODUCTS REDUCE GUESS-WORK IN PRODUCTION

Raw materials pouring in . . . smoke stacks billowing . . . production accelerated to make up for years of lost time. Today is no time for an unexpected shutdown!

Sun "Job-Proved" products and Sun Engineers provide the assurance necessary to keep production lines going. It is assurance based on experience, on engineering know-how. It enables the Sun man to say, "This is the oil or grease best suited to your problem because it has been 'Job-Proved' under identical condi-

tions." Case history after case history shows money saved and efficiency increased with the right Sun product. Wherever production lines are swinging into high — in textile mills, steel mills, machine shops, mines, power plants — there Sun "Job-Proved" products are needed.

Years of hard service have proved the quality of Sun processing oils, spirits, fuels and other technical products. Proved where it counts

most — on the job. And whenever a new job comes along — a lubricating problem that industry has not faced before — the Sun Engineers and Sun laboratory men will find a practical and permanent answer.

Take the guess-work out of this year's important production. For lower maintenance and operating costs all along the line specify Sun "Job-Proved" products. Call in the Sun Engineer near you or write to

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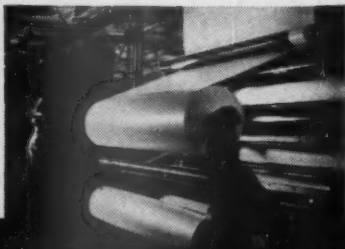
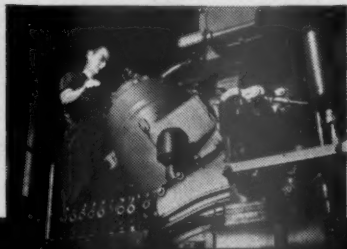
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TEXTILE MILLS — Processing speeded up 60% in one mill.

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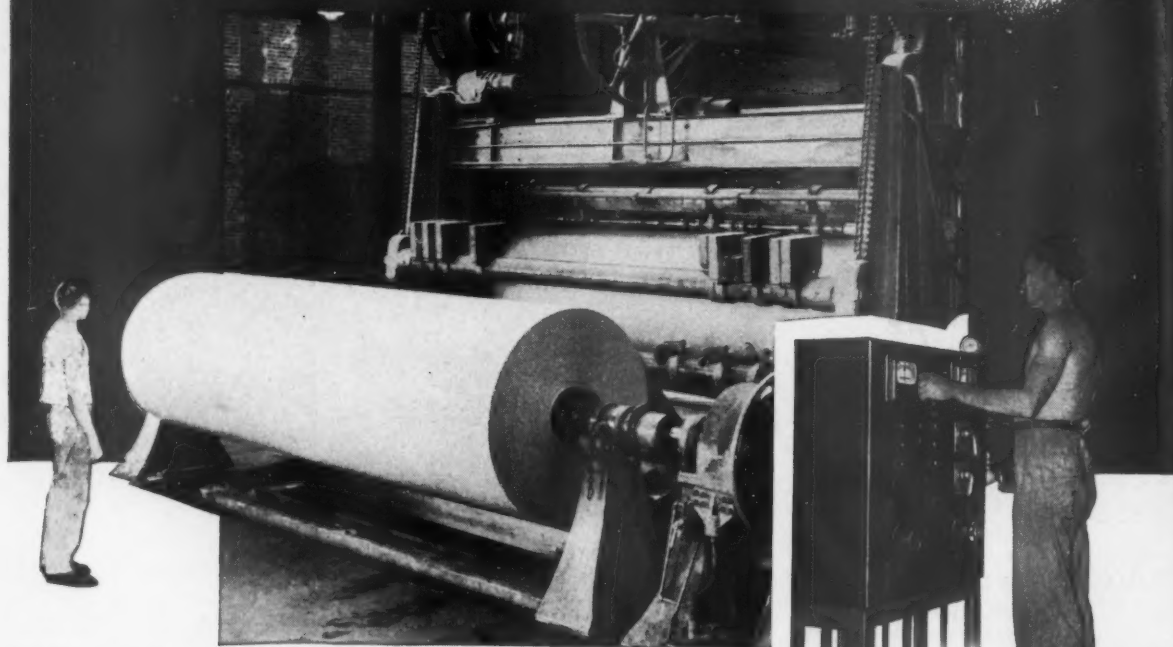
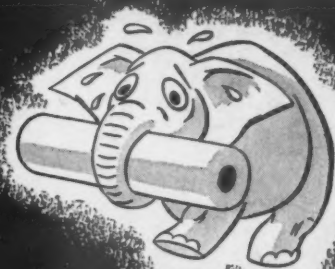
MACHINE SHOPS — Tool life increased 30% in one shop.



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V*S Jumbo rolls of paper 200 inches wide are rewound and slit in a single operation which produces up to 10 smaller rolls all ready for shipment. Here's *real money-saving efficiency*—made possible by a giant machine equipped with variable-voltage control provided by a multi-motored Reliance V*S Drive.

V*S, the *All-electric, Adjustable-speed Drive operating from A-c. Circuits*, provides quick starts and stops, smooth acceleration and other important advantages along with truly remarkable ease of

control. By improving quantity and quality of output, it has more than paid its way. Chances are V*S can make many of *your* operations faster and more efficient. To investigate the possibilities, write today for Bulletin 311—or call the nearest Reliance office.

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BUSIN

READERS REPORT:

U. S. Loses

As exporters we were very much interested in your article entitled "U. S. Loses Export Initiative" (BW-Oct.12 '46,p15).

We have had a number of letters from accounts and prospects implying that, because of labor disturbances here, supplies from the United States could not be depended on. The following communication states frankly what is on the minds of many foreign customers for American goods:

"We have had this business under consideration, but my associates and I have been wondering if it would be practical to make an investment in a business whose service would be entirely dependent upon supply and transportation from a country whose facilities are so frequently affected by labor disturbances. Under the circumstances, we would prefer to leave the matter in abeyance and see how such conditions develop in the near future."

We have replied that we cannot help but agree, but have held out the hope that at an early date our government and labor leaders, as well as the American public, would awaken to the futility of regulations, strikes, and lock-outs.

May we add that if this awakening does not come soon, you can write it, "U. S. Loses Export-Period."

W. C. Hildebrand, Jr.
Vice-Pres., Anchor Oil Co.,
Houston, Tex.

Held the Line

A recent item in Business Week (BW-Oct.26'46,p80) referred to two companies which have advertised that they were not taking advantage of price boosts on their products permitted by OPA. Wheatena has been advertising in trade papers since Aug. 27 that it would "hold the line," despite mill price advances allowed by OPA for its type of product.

George B. Wendell
Vice-President, The Wheatena Corp.,
Rahway, N. J.

Other Investments?

Because we sell to the farmer and because I own farm lands, I was very deeply interested in your Report to Executives, "Better Farming, Better Markets" (BW-Nov.2'46,p61). However, I thought the list entitled, "A Farmer's Investment" overlooked two essential items.

The average 160 acres anywhere in the Corn Belt has from \$750 to \$1,000

invested in fencing. And shouldn't a grain elevator have been included in such a typical list?

J. A. Getz
President, Interlocking Fence Co.,
Morton, Ill.

"Better Living"

Your farm report (BW-Nov.2'46,p61) pointed out some of the ways in which farm conveniences have improved living standards. It occurs to me that one means of stabilizing a high consumer demand for both durable and nondurable goods is to move these products into the rural communities. Just this past week end I was in the country and I was again reminded of how many conveniences we take for granted in the city are lacking on the farm.

After the last war, many farmers dissipated their high wartime incomes in inflated land values and, in some instances, in inflated livestock prices. It seems to me that a special effort should be made to encourage them to "spend for better living" this time.

George Wilkens
Director, Agricultural Dept.,
Minneapolis Civic & Commerce Assn.,
Minneapolis, Minn.

Filling the Space

Your report on the efforts of the business leaders of this section to work out a multiple-tenancy program for the

You're Invited

This department will, from time to time, bring to readers information of interest that comes to its editors through letters from other readers.

"Information of interest" can be news or opinion falling anywhere within the field of Business Week's reporting and interpretation. It can be helpful amplification of, comment on, dissent from, or correction of specific statements in Business Week. It can be anything that the editors judge to be of concern to other readers of this magazine at the time of writing.

The editors of Business Week want what you can contribute—for use here as feasible and, at all times, for their guidance in doing a better job for you. Write Ralph Smith, Editor, Business Week, 330 West 42nd Street, New York 18, N. Y. (If your letter is for "confidential advisement," as many from readers always have been, you need only say so.)



● Homes to build . . . futures to build!
More than 2,000,000 responsive families are doing it with the help of Household—the magazine idea-planned for action. Household is packed with 150 ideas per issue . . . ideas on every phase of home life important to families living in America's small city and town market.

In this enduring home market Household can build your sales to a new high. It can get for your advertising the same kind of action which brought 17,068 orders for building plans (at 25c per order) to Household in only eight months.

Yes, Household is your best bet for boosting sales in America's small cities and towns.

HOUSEHOLD

A MAGAZINE OF ACTION *Streamlined*
FOR SMALL CITIES AND TOWNS

CAPPER PUBLICATIONS, INC.
TOPEKA, KANSAS



And Now...TAFT-PEIRCE GAGE BLOCKS



Taft-Peirce "A" Accuracy Gage Block Sets

These are high-precision sets of "A" accuracy gage blocks—made from the very finest alloy steel, hardened and seasoned to insure durability and retain accuracy. And they are now available from the Taft-Peirce Small Tool and Gage Division, where they were made during the war years when gage blocks were otherwise unobtainable. Each set contains a complete assembly of gage blocks—all the 81 standard sizes—as well as an additional extra wear block of .10005".

The size of each block is plainly marked on the edge for instantaneous recognition when the blocks are in use, or for quick selection when they are in their compactly arranged case. The case, as illustrated above, is so designed that any block can be readily removed with the fingers of one hand. And bear in mind that in buying gage blocks, Taft-Peirce gives you as always the *ultimate* in precision and long life.

STOCK DELIVERIES. PRICE \$350.00.

THE TAFT-PEIRCE MANUFACTURING CO.

Woonsocket, Rhode Island



Illinois Ordnance Plant (BW—Oct. 20 '46, p17) has had most gratifying results in the shape of inquiries from interested manufacturers. I believe that, as time progresses, we shall, with such help, easily fill all the industrial space at the plant.

O. W. Lyerla

President, Southern Illinois, Inc.,
Herrin, Ill.

Steel and Big Steel

In a report on the acquisition by U. S. Steel Corp. of the Geneva Steel plant (BW—Jun. 22 '46, p15), you say, "Even with this, Big Steel will have only 32.7% of the nation's ingot capacity as against its prewar 35.3%." Could you inform me what prewar and post-war totals were used for the United States and for U. S. Steel Corp.?

William H. England

Director, Div. of Accounts, Statistics,
& Economic Investigations,
Federal Trade Commission,
Washington, D. C.

• All figures used were taken from a letter written June 17, 1946, by Attorney General Tom Clark to Lt. Gen. E. B. Gregory, War Assets Administrator, in which Justice Dept. approval was given to the sale of Geneva Steel plant to U. S. Steel Corp. In this letter, Mr. Clark said:

"It appears that on Jan. 1, 1939, the steel industry in the United States had a total ingot capacity of 81,828,958 net tons, of which the U. S. Steel Corp. had a capacity of 28,885,000 net tons, or 35.3% of national capacity."

In the same letter Mr. Clark said that a memorandum furnished him by Gen. Gregory showed the nation's total ingot capacity on Jan. 1, 1946, was 91,890,560 net tons, of which U. S. Steel had 28,813,200 net tons, including the capacity of government facilities at Homestead, Pa. Adding to this latter figure the 1,283,000-ton capacity of Geneva, Clark arrived at the conclusion that U. S. Steel's share of the total capacity would rise from 31.4% to 32.7% with the acquisition of Geneva.

Change Address

Since many Business Week readers are sending inquiries on the floor safe for small businesses and homes recently described in your New Products Dept. (BW—Oct. 19 '46, p56), I think you will want to advise them that Louis Fields & Co., Highland Park, Mich., mentioned as the manufacturer of this safe, has been absorbed by our company and letters should be sent to us.

L. E. Rankin

Marsh Dozar Co.,
2100 Myrtle St., Detroit, Mich.,
5601 W. Adams Blvd., Los Angeles.

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1946



Mountain to Mohammed... 20th century version



Immovable as Mohammed's mountain is the orthodox power plant for a fair-sized city. Yet when power facilities were bombed out in Antwerp, Manila, Ghent, the power plant came to them... the

mountain to Mohammed.

Appearing on short notice in the harbors of these devastated cities, floating central stations, boilered by B&W, each with a cargo of 30,000 kilowatts, brought relief months before stationary power plants could be rebuilt. At home, in other emergencies, they brought succor to Jacksonville... to Pensacola... Vicksburg...

There are lots of problems in building boilers for central stations that hop about. The ships must be designed for passage through narrow locks and channels. Boiler weight and size must be pared down to make room for plenty of fuel... boiler efficiency kept high to make the fuel supply last.

B&W built the boilers for the first floating power plant, has built others like them since. In this, as in its pioneering work in many fields, B&W drew on its two major resources: the long experience of the past... its engineering vision, the courage to have new ideas.

B&W resources, B&W ideas, are available to the engineers of all industries, in connection with present problems or future plans.

H-22



BABCOCK & WILCOX

THE BABCOCK & WILCOX CO.
GENERAL OFFICES: 85 LIBERTY ST., NEW YORK 6, N. Y.
WORKS: ALLIANCE AND BARBERTON, O.; AUGUSTA, GA.

THE BABCOCK & WILCOX TUBE CO.
GENERAL OFFICES: BEAVER FALLS, PA.
PLANTS: ALLIANCE, OHIO, AND BEAVER FALLS, PA.

Water-Tube Boilers, for Stationary Power Plants, for Marine Service... Water-Cooled Furnaces... Superheaters... Economizers... Air Heaters... Pulverized-Coal Equipment... Chain-Grate Stokers... Oil, Gas and Multifuel Burners... Seamless and Welded Tubes and Pipe... Refractories... Process Equipment.

Leftist Unions Strong in Defense Zones

Power of C.I.O. "red bloc" growing in Canal Zone, Hawaii, Alaska. Bridges union wins big pay boost for sugar workers.

Washington offices concerned with broad aspects of national security have lately been putting together a simple jigsaw puzzle. Its pieces are Hawaii, the Panama Canal Zone, and Alaska.

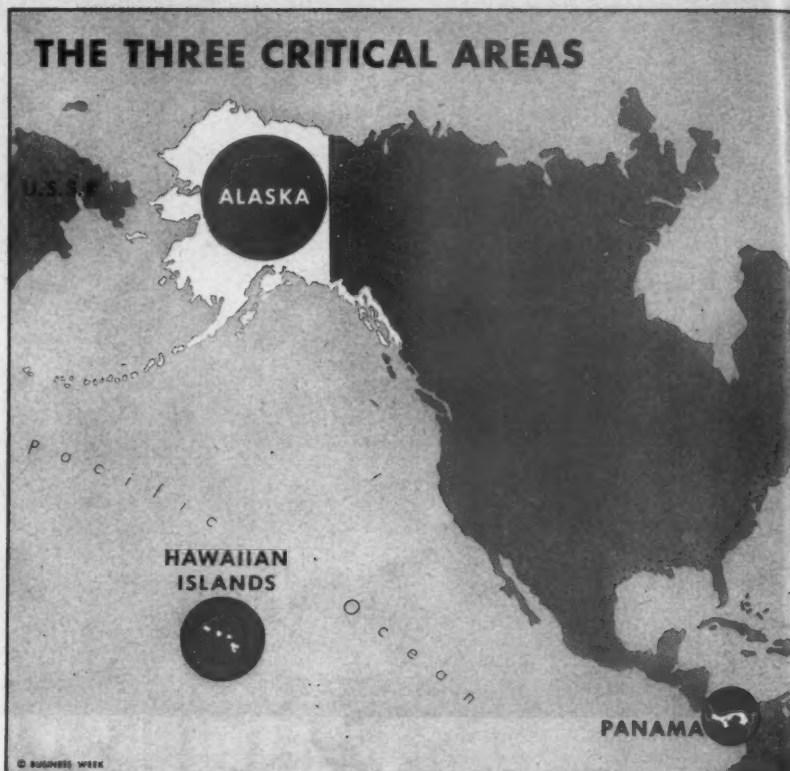
These three areas have always fitted together in the basic strategic pattern of American defense. Today they are joined in a pattern of left-wing union domination reaching out from the coastlines of the continental U. S.

• **Dominant Three**—Three unions now dominate the labor situation in these areas. Each one follows the Communist Party line as a member of the so-called "red bloc" in the C.I.O.

In the Hawaiian Islands, Harry Bridges' International Longshoremen's & Warehousemen's Union has signed up everyone it could induce to scrawl an "X" at the bottom of a membership application.

In the Canal Zone, the United Public Workers—to which Congress tried to make it illegal for any government employee to belong (BW—Jun.22'46, p91)—boasts 17,000 members. These are employed as power plant and railroad workers, as truck drivers and machinists, and in most other jobs in and around the locks.

In Alaska, the Food, Tobacco & Agricultural Workers, led by George Woolf, a former San Francisco lieutenant



ant of Bridges, has moved in on the waterfront canneries.

Hawaii Sugar Strike

The quiet penetration of Hawaii by leftist organizers attracted public attention only last September, when a strike was called (BW—Sep.14'46,p113).

Bridges' union, in a truly remarkable show of strength, pulled 28,000 native laborers off the Hawaiian sugar plantations and out of the refineries. This was by far the biggest strike the islands had ever experienced.

By the time that strike ended last week—on terms which the union hailed as a momentous victory—everyone their publicity could reach knew that employers in the islands were convinced they were caught by a Communist-directed operation aimed at control of Hawaii's economic life.

• **A Demand in Reserve**—As a result of the strike, sugar labor's wage is boosted from its former minimum of 43½¢ an hour to 70½¢, and all employees will receive at least an 18½¢ hourly increase. Nothing so important has happened to Hawaiian labor since the passage of the wage-hour law.

Bridges withdrew his union-shop demand before the strike was settled. But it is certain to be raised again if the I.L.W.U. needs it to maintain the control it now exercises in the island's principal industries—sugar, pineapple, and shipping.

• **Reaching Out**—The I.L.W.U. also has contracts with warehouses, trucking companies, and three of Hawaii's railroads. Its membership in the islands is estimated at 35,000. It is currently pushing organizing efforts on the air-



Hawaiian sugar workers (above) on Oahu and elsewhere claimed a smashing victory last week in a wage dispute; sugar operators claimed that the basic issue was a growing red-bloc domination of the economic life of the Islands.



1. You don't need 4-leaf clovers when you stay at the William Penn—the Statler Hotel in Pittsburgh—for we never leave your comfort up to luck. Your room has just about everything you want . . . big, restful chairs, a radio, and lighting that's scientifically correct.



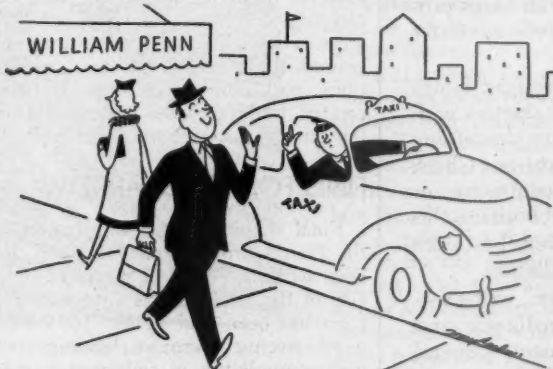
2. And you won't have to hold a lucky rabbit's foot to get a good night's sleep . . . the famous William Penn beds will take care of that! Their sleep-producing mattresses are so comfortably soft that you probably wouldn't be able to stay awake if you wanted to.



3. Hang up your horseshoe! You're in luck with something NEW in every Statler bathroom . . . an adjustable shower head that will get you wetter—better than any shower you've ever tried. You can pick just the kind of spray you like best. A regular spray, as above . . .



4. . . or, for a stinging needle spray, turn the handle on the shower head and brace yourself! When you've had enough, another flip of the handle brings a gentle flood spray. There's always plenty of hot water, and piles of snowy-white towels in every Statler bathroom.



5. The William Penn's location wasn't left up to luck, either. It's right in the heart of Pittsburgh's Golden Triangle, close to business, shopping, and theater districts. So when you come to Pittsburgh, don't leave the success of your visit up to luck. Plan ahead to stay at the William Penn!



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SHARE A MEAL—SAVE A LIFE!



G-E Watch Dog
Starters for
Fluorescent Lamps

THESE STARTERS HELP YOU KEEP 'EM!

Fluorescent lighting is quick to win friends among your customers or employees working under it. But when a fluorescent lamp that's outlived its normal life-span starts blinking, the repeated Off-On, Off-On is quick to set nerves on edge.

But BLINKING just won't happen, when your fluorescent lighting fixtures are equipped with Watch Dog® starters. A built-in cutout takes failing lamps off the line at once, as soon as their useful life ends. Multilamp luminaires can be kept lighted; relamping need not be rushed at an awkward moment.

What's more, the Watch Dogs protect the ballast and reduce starter replacement costs.

Many users of fluorescent lamps are replacing all their starters with Watch Dogs, and are specifying them on all new fixtures. Check with your lighting contractor or electrical supply source about this simple way to get the very best from your fluorescent installation.

For more information, write Section G23-11102, Appliance and Merchandise Department, General Electric Company, Bridgeport 2, Connecticut.

*Trade-mark Reg. U. S. Pat. Off.

GENERAL  ELECTRIC

lines, in newspaper offices, and among school teachers and government employees.

Canal Zone Campaign

In the Army-governed Canal Zone, all workers are government employees. Each must sign a statement that he will not belong to a union which asserts the right to strike against the government.

Hence the United Public Workers must shy away from strikes as an organizing technique. Instead, in appealing to native workers, it has launched an aggressive campaign against the discrimination to which they are subjected in such matters as rates of pay, method of payment, and housing. It has been negotiating on these and kindred issues with Brig. Gen. Joseph C. Mehafeey, governor of the Panama Canal Zone.

Using campaign devices reminiscent of revivalist meetings, U.P.W. has built its "Big Ditch" local into the largest unit in the organization. Zone authorities profess not to be seriously alarmed about the situation "as it now exists." They question U.P.W.'s claim to key personnel and appear to rely on the employees' antistrike pledge.

Alaska Struggle

Only in Alaska, of these three areas, are the C.I.O. left-wingers meeting stiff competition. The A.F.L. was entrenched there in some crafts before the C.I.O. moved in.

But in the battle which ensued the F.T.A.W. claims the first success. It secured its foothold by winning representation rights for the cannery workers in a National Labor Relations Board poll. It opposed A.F.L.'s Alaska Marine Workers, a branch of Harry Lundberg's determinedly anticommunist Seafarer's International Union.

From this beachhead, according to the left-wing press, the C.I.O. union will push a militant, adequately financed campaign. It aims to bring into the organization all those who work in and around the runways, military installations, and shore establishments being created to protect the American frontier on the narrow Bering Strait.

FINIS FOR PIERCE-ARROW

Final chapter in the long history of the Pierce-Arrow Motor Car Corp. has been written. The last parcel of property of the once famous auto manufacturer has been sold by the 1695 Elmwood Avenue Corp., a holding company, completing an eight-year liquidation of the plant's facilities.

The two-story structure at Buffalo, N. Y., was sold to Harry Levin, manufacturer of metal novelties and present occupant. Pierce-Arrow formerly used this building as an experimental plant.

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Stockings of
NYLON...



Girdles of
NYLON...



Slips of
NYLON...

Another new product
from a Du Pont Plastic



AND NOW — ZIPPERS OF NYLON TOO!

Strong enough for girdles, light enough for filmy silk... dry-cleaning, laundering do not harm it



PRESSING SITUATION...

No matter how carefully one tries to iron "around" a slide fastener, the hot iron is apt to slip—and with some other plastic fasteners this can be very harmful. Du Pont nylon, however, stands heat up to 350° F. This is sufficient to iron any fabric, including cotton.

Any day now, your wife or daughter will be buying a dress equipped with a slide fastener of Du Pont nylon. And this will interest you as a manufacturer—no matter how remote from the dress business your product may be.

For years the dress manufacturers have tried to find a satisfactory slide fastener made of plastic. In nylon at last they have found it.

For nylon is not harmed by laundering or by dry-cleaning. It is light in weight, yet produces an especially strong slide fastener because it forms a permanent bond with the cloth tape. Most important, nylon is not damaged by ironing, and it will not rust.

A nylon zipper... a polythene watch strap... a baby's bassinet of "Lucite"... these and countless other diversified products have this one thing in common: *In each a manufacturer was enabled to bring out a new or improved product,*

because of his knowledge of the properties of a Du Pont plastic. E. I. du Pont de Nemours & Co., (Inc.), Plastics Dept., Room 6011, Arlington, N. J.

The nylon slide fastener shown is manufactured by Waldes Koh-I-Noor, Inc., Long Island City, N. Y.

DU PONT

REG. U. S. PAT. OFF.

Plastics

BETTER THINGS FOR BETTER LIVING
... THROUGH CHEMISTRY

PRODUCTION

Industrial Oils Advance

Kellogg Co.'s Solexol process promises notable improvement in refining techniques for many basic oils and fats. Low-cost method is based upon the use of liquid propane as a solvent.

Researchers have given increasing attention to the problem of improving methods for obtaining oils used in paints, soaps, edible oils, vitamin concentrates, and a host of kindred products. They have been spurred by the shortage of fats, and by the belief that there was plenty of room for progress in techniques of refining vegetable, animal, and fish oils.

• **New Process**—Latest of the processes evolved from this research is the "Solexol" solvent extraction and fractionation method announced this week by M. W. Kellogg Co., industrial and chemical engineering subsidiary of Pullman, Inc. The method was evolved at least in part from Kellogg's long experience in petroleum-refining techniques.

Kellogg believes its new process will foster development of several new oil products for industry, improve the quality of current oil products, and make possible economies running into millions of dollars yearly in the refining of some 25 basic vegetable, animal, and marine oils and fats.

• **Worldwide Use**—Seven plants now under construction throughout the world reportedly will use the Solexol process. Kellogg engineers are continuing their developmental work in a pilot plant set up as part of an expanded industrial research laboratory now being built at Jersey City, N. J.

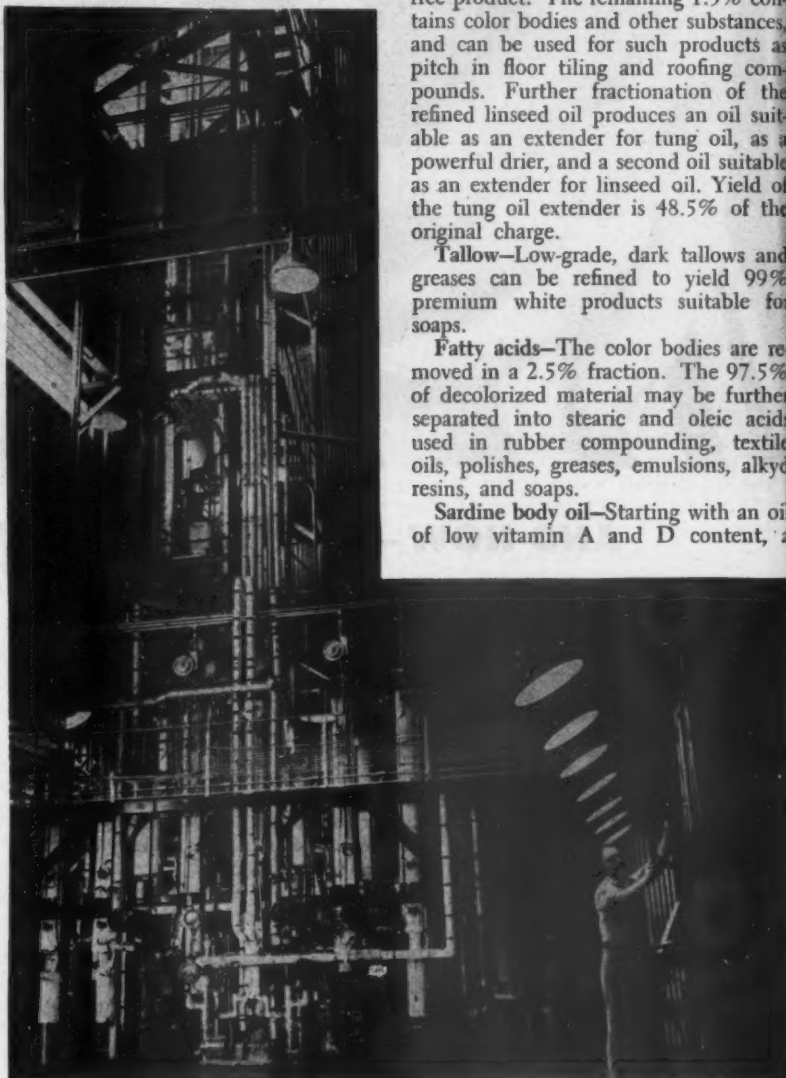
• **The Method**—The Solexol "cold fractionation" process employs a special grade of liquid propane as a solvent. At low temperatures the propane, an inexpensive petroleum derivative, mixes in all proportions with glyceride oils. As the temperature is raised, however, the capacity of the propane to mix with oil components of high molecular weight decreases, and these components are progressively precipitated.

By the time the propane has reached its critical temperature of 206 F (when it changes from a liquid to a gas regardless of the pressure applied), practically everything in the solution has been precipitated. Thus a selective extraction of desired quantities of material can be effected merely by raising the temperature and bringing the oil-propane mixture into equilibrium.

• **Economies**—Processing costs are said to be as low as a fraction of a cent to

3¢ per gallon of oil processed. The process is continuous, and only a small amount of propane is lost as it circulates repeatedly through the apparatus.

Temperatures required are well below those used in most refining techniques. This prevents polymerization of oils and



Further study of design, yield, and cost data on processing of fats and oils is being undertaken by M. W. Kellogg Co. in the towering new Solexol process pilot plant (above) at the company's laboratory in Jersey City, N. J.

preserves vitamin content from thermal decomposition

• **Sample Results**—Results obtained by the Solexol process for six representative fats and oils were listed by Kellogg as follows:

Soybean oil—The crude can be separated so that 67.5% of the original quantity is an edible oil suitable for shortening, margarine, and salad oils. Another 30% is suitable for paints, varnishes, enamel, oilcloth, printing inks, alkyd resins; 1.5% contains color pigments in highly concentrated form, plus lecithin (BW—Nov. 9'46, p31); and the remaining 1% is rich in sterols useful for synthesis of hormones (BW—Dec. 22'46, p46) and other pharmaceuticals.

• **Linseed oil**—Here the process obtains a 98.5% yield of a light-colored, ash-free product. The remaining 1.5% contains color bodies and other substances, and can be used for such products as pitch in floor tiling and roofing compounds. Further fractionation of the refined linseed oil produces an oil suitable as an extender for tung oil, as a powerful drier, and a second oil suitable as an extender for linseed oil. Yield of the tung oil extender is 48.5% of the original charge.

• **Tallow**—Low-grade, dark tallows and greases can be refined to yield 99% premium white products suitable for soaps.

• **Fatty acids**—The color bodies are removed in a 2.5% fraction. The 97.5% of decolorized material may be further separated into stearic and oleic acids used in rubber compounding, textile oils, polishes, greases, emulsions, alkyd resins, and soaps.

• **Sardine body oil**—Starting with an oil of low vitamin A and D content, a

Racetrack in a Laboratory



George DeHaven and Forrest Frampton
J & H Associates, Engine Test Laboratory

You are looking into one of the "torture chambers" of our engine laboratory where the world's largest pressure-die-cast, four-cycle engine is going through its paces. Under sustained tests this new Jack & Heintz slide-valve engine reveals exceptional fuel economy. Its weight is far less than that of conventional automobile engines. It is more efficient and has a much wider speed range.

This new engine is typical of Jack & Heintz achievements through *mass precision*. This rare combination of high precision and mass production is creating better engines, electric motors, refrigeration compressors, aircraft accessories, bearings and magnetos *today*, and is developing other revolutionary products for *tomorrow*.

Extra values through
JACK & HEINTZ
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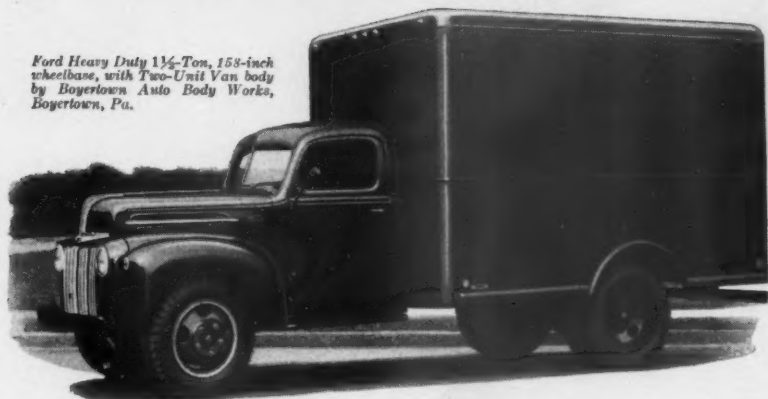
JACK & HEINTZ PRECISION INDUSTRIES, INC., Cleveland 1, Ohio

REGISTRATIONS SHOW IT—OPERATORS KNOW IT!

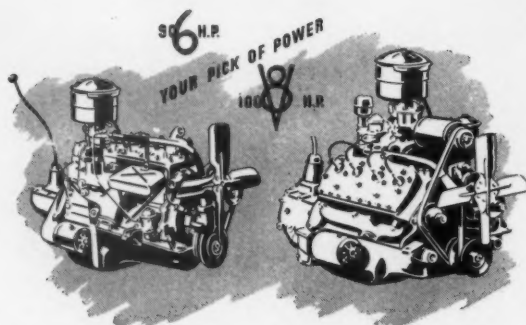
"FORD TRUCKS LAST LONGER!"



Ford Heavy Duty 1½-Ton, 158-inch wheelbase, with Two-Unit Van body by Boyertown Auto Body Works, Boyertown, Pa.



One big reason— **FORD ENGINES STAND UP!**



Ford Truck engines—either the famous 100-H.P. V-8 or the extra-thrifty 90-H.P. Six—are world-famous for endurance in severe service. Here are some reasons why: They're of time-proved L-head type, quiet, simple, efficient—hardened valve seat inserts resist pounding and pitting—precision-set valves need no adjusting—valve springs are shot-peened and rust-proofed for long life—Ford alloy cast steel crankshafts are balanced and counterbalanced for enduring smoothness—Flightlight aluminum alloy 4-ring pistons maintain good compression, save oil. Full pressure lubrication, with positive, large-capacity oil pumps, plus effective crankcase ventilation, scientifically correct cooling and efficient oil- and air-filtering, all prolong Ford engine life.



There are more than fifty such long-life features throughout Ford Truck engines and chassis. NO OTHER TRUCKS BRING YOU ALL THESE IMPORTANT PLUS VALUES AT ANY PRICE. It is the extra worth which Ford alone offers that makes Ford Trucks Last Longer. This extra value tells you clearly why 7 out of 11 of all Ford Trucks

registered since 1928 are still in service—why more than half of all Ford Trucks on the job are at least nine years old!

The best way to get a new Ford Truck is to get your order in. See your Ford Dealer now.

FORD TRUCKS

MORE FORD TRUCKS IN USE TODAY THAN ANY OTHER MAKE

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Leading figures in developing and exploiting the Kellogg Co.'s Solexol oil and fat refining process are Herbert J. Passino (left), associate director of research, and L. H. Harvison (right), executive vice-president.

concentrate is obtained containing 3,500 units of vitamin A and 1,000 units of vitamin D per gram. This concentrate is 9% by weight of the amount of crude used. Besides this fraction, 47% of the crude emerges as an oil suitable as an extender for linseed oil, 35% as an extender for tung oil, 5% as stearine for shortenings and other edible products, 1% as fatty acids, and 3% as color bodies.

Shark liver oil—Fractionation can produce a concentrate with a vitamin A potency of 500,000 units per gram, more than 16 times the potency of the crude. This concentrate is 5.6% of the crude by weight. Another 1.4% is separated out as stearine, while the residual oil may be marketed as a drier.

FLAME-CUTTING FOR ROCK

The problem of making vertical holes in rock for placement of blast charges is simplified, according to Linde Air Products Co., 30 E. 42nd St., New York, by "fusion-piercing." This flame-boring process reportedly makes holes 450 ft. deep in taconite, an extremely hard, lean iron ore, at an average rate of 10 ft. per hr. Granites, slates, magnetites, and several varieties of silicates have also been pierced successfully, and it is believed that the process can be extended to other types of rock.

The equipment used resembles a portable oilwell rig. Flame directed from a rotating blowpipe against the rock causes it to crumble and/or melt. Velocity of the flame and combustion gases forces blast materials from the bottom of the hole up past a rotating water spray above the burner tip. The water embrittles the material, which is

forced upward and out the top of the hole by exhaust gases and resultant steam. Oxygen and a flux bearing a petroleum-base combustible are supplied to the torch.

Among the advantages anticipated through fusion-piercing is increased speed in making vertical blast holes. Better fragmentation during primary blasting may be obtained because the high flame temperatures induce radial cracks from the hole through the ore body.

GAS DETECTOR

The National Bureau of Standards, Washington, D. C., has developed a colorimetric indicating gel which is claimed to be capable of detecting less than one part of carbon monoxide in 500,000,000 parts of air. It was developed during the war for use in military equipment and installations.

The gel, which is yellow, is said to turn shades of green and bluish green on exposure to low concentrations of the gas. The color that develops is then compared with a set of standard color chips in order to determine the amount of carbon monoxide in the air being tested.

NEW FIELD FOR GOODRICH

Goodrich Chemical Co., Rose Bldg., Cleveland, plans to enter the field of biochemicals shortly. Research and development in this sphere, according to W. S. Richardson, president, are progressing to the stage where several new chemicals will soon be ready for commercial introduction.

Newest product announced by this



These are facts!

The 'Budgit' Chain Block embodies the only radical improvement in fifty years of chain blocks. Gone is the heavy, clumsy and inefficient construction.

No other chain block of similar type and capacity, weighs anywhere near as little. For even the 2-ton capacity 'Budgit' weighs only 81 lbs.—which means one man—not two—lifts and carries it from job to job.

The 'Budgit' Chain Block lifts with less effort because of anti-friction bearings throughout and all working parts, (including the automatic brake) operate in grease in a sealed housing.

Wherever there must be hand-lifting, install 'Budgit' Chain Blocks to save man power, money and make the work easier to do.

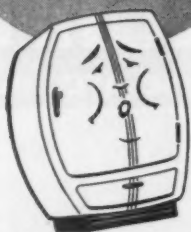
'Budgit' Chain Blocks come in sizes to lift up to $\frac{1}{4}$, $\frac{1}{2}$, 1, and 2-ton loads. Prices start at \$59.50 list. Send for Bulletin No. 367 for complete information.



'BUDGIT' Chain Blocks

MANNING, MAXWELL & MOORE, INC.
MUSKEGON, MICHIGAN
Builders of 'Shaw-Box' Cranes, 'Budgit' and 'Load Lifter' Hoists and other lifting specialties. Makers of Ashcroft Gauges, Hancock Valves, Consolidated Safety and Relief Valves and 'American' Industrial Instruments.

"where
you going,
Fatty?"



The answer is, "No place!"

Refrigerators and freezers that rob their usable capacities with walls of insulation twice as thick as necessary today, are going to be rapidly outdated.

Modern research has created Santocel, a unique chemical insulation that makes it possible to cut thickness of refrigerator walls and doors in half... give 40% to 100% more storage space within the same outside cubic measure and without affecting efficiency.

And today's plane conscious Americans... living in an era of new plastics, new light metals, new ideas... aren't depending for efficiency upon an exaggerated appearance of bulk. The result is that right now Santocel is going into revolutionary new "cold" units for home, farms, factories... for air, sea, rail and truck transportation... built by a number of progressive manufacturers. If you want to go places in refrigeration, better investigate Santocel now. For full details address: MONSANTO CHEMICAL COMPANY, Merrimac Division, Boston 49, Mass.

Santocel: Reg. U. S. Pat. Off.



B. F. Goodrich Co. subsidiary is an air-drying adhesive, polyethylene polysulphide, known by the abbreviated title, "Peps." This chemical, one of a group to be known by the trade name "Good-Rite," is expected to have numerous

applications in agricultural sprays. Derived from petroleum and sulphur, Peps reportedly is not washed off by rain, may be used as a carrier for insecticides or fungicides, and has certain fungicidal qualities itself. In addition, it has many

New Betatron Can X-Ray 2 Ft. of Steel

Allis-Chalmers Mfg. Co. this week offered to industry a commercial version of the 20,000,000-volt betatron (BW-Nov.17'45,p51), developed for wartime use in the Manhattan Engineer Project and in government arsenals.

• **What It Is**—The betatron, invented by Prof. D. W. Kerst of the University of Illinois, provides industry with X-rays powerful enough to penetrate more than two feet of steel.

Essentially, it is a two-winding transformer in which a stream of electrons serves as the secondary winding. The hundreds of thousands of turns of fine wire which would be required in a secondary winding to produce 20,000,000 volts are replaced by a doughnut-shaped vacuum tube (picture). The tube contains a filament—which gives off electrons when energized—and a tiny target less than 1/100 of an inch wide.

• **How It Works**—When a rich supply of electrons is shot from the filament into the vacuum inside the tube, magnetic flux accelerates them into violent circular movement. In 1/720th of a second, the electrons race around several hundred thousand times, nearly approaching the speed of light. At the peak of their speed, the magnetic field is upset by electronic control, and the electrons spiral off and collide with the target.

The collision at terrific speed causes the electrons to give up energy, creating a rich supply of X-rays which emerge in a burst tangential to the orbit, and in a narrow cone of 9 degrees angle. The problem of protecting personnel is simplified because the major portion of the radiation is confined to this cone-shaped beam.

Kerst says calculations have shown that the 20,000,000-volt-size betatron furnishes ideal voltage for industrial radiography. Whereas penetration of X-rays through heavy metals increases as betatron voltages go up to 20,000,000 volts, it decreases at voltages beyond that point.

• **Advantages**—The machine is adaptable to nondestructive detection of flaws in billets, forgings, castings, and weldments (BW—Jul.6'46,p50). The

study of its characteristics at the University of Illinois and Picatinny Arsenal indicate that: (1) Practical commercial usage will range from 4-in. to 24-in. thicknesses of metal; (2) the speed of film exposure possible makes it feasible to employ the equipment for 100% inspection; (3) flaws as small as 1/16-in. diameter can be discovered in thicknesses of 20 in. and over, and as small as 1/32-in. diameter in thicknesses between 3 and 15 in.; (4) there is no fogging of film by back-scattered radiation, and hence lead shielding is less of a problem; (5) controls are simple; and (6) direct enlargements can be made by placing the film an appropriate distance behind the piece being radiographed.

In addition, the machine shows promise for use in Roentgen and electron therapy in medical and biological research, particularly in cancer study. Its price will be competitive with present 1,000,000- and 2,000,000-volt X-ray equipment.

• **Licensed by G. E.**—The Allis-Chalmers development of the 20,000,000-volt betatron was undertaken under a license arrangement with General Electric Co. covering seven patents held by G. E. on betatrons.

G. E., which has built a 100,000-volt betatron as a laboratory research tool, last week announced that these patents are available for free licensing to nonprofit organizations, and, "on a reasonable royalty basis," to industrial concerns.



Moving forward with America's leaders
in a mighty era of construction
to build a greater America...



FORD AWARDS \$3 MILLION CONTRACT TO EQUIP PLANT

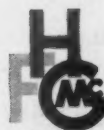
Ford Motor Co. has awarded a \$3 million contract for the purchase and installation of new production equipment in the Ford assembly plant being built in St. Louis, Mo., according to a company announcement.

In giving the award to F. H. McGraw & Co., engineers and constructors, Ford will for the first time use an outside contractor for such a project. In the past, Ford has handled such work within the company.

When completed, the new St. Louis assembly plant will employ about 3,000 workers and will turn out 500 Ford and Mercury passenger cars and Ford trucks every 24 hours.

Ford is building other new plants in Metuchen, N. J., Los Angeles and Atlanta.

Reprinted with permission from "The
Wall Street Journal," August 27, 1946



F. H. MCGRAW & COMPANY

ENGINEERS AND CONSTRUCTORS

780 WINDSOR STREET • HARTFORD 1, CONN.

NEW YORK, N. Y. • CHICAGO, ILL. • GARY, IND. • MIDDLETOWN, O. • PITTSBURGH, PA.

**BETTER SAFE
DELIVERY . . .**

than Adjustment Claims



Damage in transit results in costly claims that injure prestige and drain profits. H&D can help you avoid expensive, annoying, time consuming claims by putting your products in corrugated boxes engineered to surmount practically every hazard of shipping and warehousing.



**SUPER-STRENGTH
for SAFE DELIVERY**

H & D corrugated boxes carry the concentrated weight of electric motors with the same ease that they do the most delicate of high precision instruments . . . and just as safely. Why? Because they are super-strength boxes. In this case, there's full-flap, 4-way end protection; there's a sleeve to add rigidity, and, in addition, the motor rides on a corrugated cushion that prevents shifting. Such boxes, H & D engineered, eliminate over-packing, reduce handling-shipping costs. Full details are in the Little Packaging Library. Send for it today. The Hinde & Dauch Paper Company, Executive Offices, 4601 Decatur Street, Sandusky, Ohio.

REG. U. S. PAT. OFF.

H&D HINDE & DAUCH
AUTHORITY ON PACKAGING

FACTORIES IN: Baltimore • Boston • Buffalo • Chicago • Cleveland • Detroit • Gloucester, N. J. • Hoboken • Kansas City • Lenoir, N. C. • Montreal • Richmond • St. Louis • Sandusky, Ohio • Toronto



RED-HOT LIGHTER

Slated for commercial applications, a new infrared lamp (above) made its debut this week when Westinghouse Electric Corp. opened its Chicago illumination laboratory. The 10-volt lamp concentrated heat rays of nearly 1,500 F on one spot, quickly brought a light to a cigarette—and doubtless a cosy glow to the smoker's nose.

potential uses other than agricultural.

Supplied as a latex, which closely resembles dispersions of many synthetic rubbers now on the market, the chemical solution, when diluted with water, can be used with standard spraying equipment and conventional methods.

ELECTRONIC IGNITION

An electronic ignition system for aircraft was produced experimentally at the end of the war by the Bosch firm in Reichenbach, Germany, according to report PB-22653, Office of Technical Services, Dept. of Commerce. The system is said to eliminate many of the deficiencies of conventional magneto systems.

In the circuit a condenser serves as an accumulator. The condenser is charged through a resistance, and discharged through a grid-controlled tube to the primary of the high tension coil at the spark plug. After completion of the discharge, the grid voltage prevents further passage of current between the anode and the cathode of the tube, thus enabling the condenser charge to be built up again.



Sun-up freshness for that afternoon let-down

Here's the world at its very best! Sun bursting through the low, flaming clouds of dawn, splashing light along the water . . . air still and clear as on a star, but warming fast in the rising light . . . feeling on your face and in your lungs like a magic potion, crisp and vitalizing.

Air like that *indoors* is on its way. Stores, offices, restaurants, factories are installing *modern* air conditioning — Worthington air conditioning. No more dusty, stale, *un*-conditioned air. No more chill, clammy, *mis*-conditioned air.

Good air is good business. To give your visitors,

customers, employees the air that suits the place — invigorating in a factory, restful in a restaurant — see a Worthington Air Conditioning distributor. Making more of the vital "*innards*": compressors, engines, turbines, condensers, pumps, valves, fittings—Worthington is better able to give you *integrated* air conditioning. Unit conditioner or completely engineered system, *there's more worth in Worthington.*

Worthington Pump and Machinery Corporation, Air Conditioning and Refrigeration Division, Harrison, N. J. Specialists in air conditioning and refrigeration machinery for more than 50 years.

AS-1

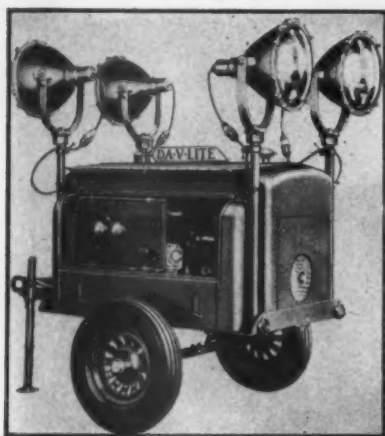


NEW PRODUCTS

Portable Floodlights

Four new portable light and power units have been placed on the market by Davey Compressor Co., Kent, Ohio. Called Da-V-Lites, the four models are designated Floodlight, Searchlight, Combination, and Beacon, each designed for a different use.

Each unit is basically built around a



5,000-watt Westinghouse generator, driven by a 15-hp., four-cylinder Wisconsin air-cooled engine. Lights and machinery are mounted on a trailer, available in skid or two-wheel mountings. Weight is approximately 1,750 lb.

Although primarily lighting devices, the units are said to be capable of supplementing existing power facilities in case of emergency, and of supplying power for electric tools.

Availability: delivery in 30 to 60 days.

Tuning Tube

Designed to simplify the problem of precise tuning of frequency modulation radio receivers, a new electron-ray indicator tube, type 6AL7-GT, has been developed by General Electric Co., Thompson Road, Syracuse, N. Y. The tube, which is reported to be adaptable for conventional amplitude modulation as well as FM, has a translucent screen on which appears a fluorescent pattern of shapes varying for different receivers and conditions of tuning. Adjusting the tuning knob of the set is said to bring the pattern on the tube within certain definite limits, indicating when the receiver is properly tuned.

The tube is stated to be of value also to radio amateurs and repairmen as a null-indicator in bridge and test equipment. A reported advantage of the G.E. tuning indicator is that the cathode and reflecting plates are not in front

of the screen; hence they do not mask out the center of the viewing area.

Availability: delivery in 30 days.

Oscillation Machine

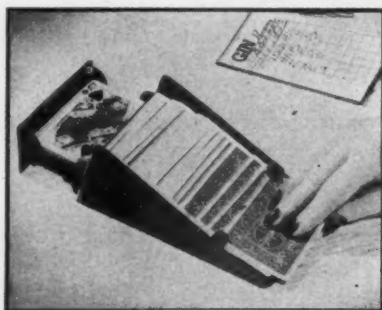
A mechanical oscillator, originally developed for testing railroad bridges, is now being offered for testing aircraft, land vehicles, buildings, and foundations by Baldwin Locomotive Works, Philadelphia, 42. Marketed as Sonntag LA-1 Oscillator, the device weighs 61 lb., is rated at 1,600 lb.

Vibration for testing is provided by eccentrically supported weights rotated so all forces add in one direction and cancel each other in all other directions. The device can be driven by flexible shaft from a remote motor or by V-belt from direct-mounted motor.

Availability: delivery in 60 days.

Card Hopper

For inveterate gin rummy players who like to indulge even out of doors under trying wind conditions, Reid Mfg. Co., 652 N. Robertson Blvd., Los Angeles, 46, has developed Cardmaster. Molded of plastic, Cardmaster is said to release only one card at a time, permitting no cards to blow away. The



double duty drawer stores a deck of cards, and may be used as a tray to prevent opponents from spreading discards for a better look.

Availability: immediate delivery.

Aluminum Pencil

An aluminum drafting pencil known as the Elastichuck Pencil is the latest offering of Elastichuck Sales Co., Box 220, Inglewood, Calif. The pencil features a rubber sleeve inside the pencil chuck, which serves as the only contact between lead and pencil. This is claimed to reduce lead breakage by yielding under pressure.

The chuck is hardened steel, knurled for grips close to the lead, while the aluminum barrel is knurled for normal

grips. Equipped with a roll-stop to prevent it from rolling off inclined drawing boards, the pencil uses standard drawing leads and is available in single and double-end models.

Availability: immediate delivery.

New Insulant

A newcomer to the low-temperature insulation field is Styrofoam, a product of Dow Chemical Co., Midland, Mich. This insulation, made of expanded Styron, is a pure white, lightweight, multicellular material reported to have low thermal conductivity and good resistance to moisture, water, mold, and rot. It is said to withstand low temperatures without settling, disintegrating, or losing strength. Styrofoam weighs approximately 18% as much as an equal volume of cork.

Awning Lift, Inside

Awn-A-Matic, a new device to raise and lower awnings from the interior of a house, has been introduced by Orchard Brothers, Inc., 230 Meadow Rd., Rutherford, N. J. Constructed of corrosion-proof aluminum parts, this awning frame raises and folds the awning automatically.

The manufacturer states that the new frames may be fitted to awnings that are already installed on conventional mountings and are adaptable to special sizes. Adjustable arms and automatic mechanisms compensate for the weight of the awning as size increases.

Availability: deliveries beginning January, 1947.

Dual-Drive Lathe

Both gear drive and direct-belt drive are used in the newest lathe announced by R. K. LeBlond Machine Tool Co., Cincinnati, 8. Twelve spindle speeds are available, with the eight lower speeds—28 to 445 r.p.m.—obtained through gearing, and the four high speeds—540 to 1,800 r.p.m.—through direct belt drive to the spindle. A single lever controls all speeds.

Spindle and drive shafts run on anti-



You Won't Find Explosives in the Kitchen



1. Finish on metal venetian blinds . . . 2. Atlas explosives used in mining metals . . . 3. Finish on refrigerator . . . 4. Emulsifiers in salad oil . . . 5. Plastic coated fabric on kitchen stool . . . 6. Bookbinding fabric . . . 7. Emulsifiers in floor wax . . . 8. Activated carbon used in purifying shortening.

*... but you will find
the improvements that
Atlas Products help provide*

What's in a name? As to Atlas Powder Company, certainly more than it might suggest. For example, check the numbers in this housewife's modern kitchen against the Atlas products listed below.

The name Atlas means many things to many industries. It means research and development in a vast field that covers industrial chemicals and commercial explosives, purifying carbons, coated fabrics and industrial finishes. It means a storehouse of specialized knowledge and techniques that almost every type of progressive American industry can find useful. You will find Atlas experts alert and eager to help you find a solution for your technical problems.



ATLAS

POWDER COMPANY
WILMINGTON 99, DELAWARE
Offices in Principal Cities

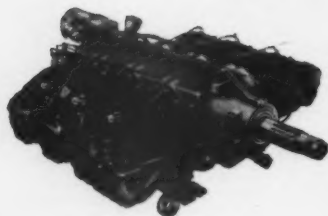
**Industrial Explosives • Industrial Finishes • Coated Fabrics • Acids
Activated Carbons • Industrial Chemicals**



POWER BY

Red Seal
Engines
CONTINENTAL

Continental powers the planes that are filling the sky



Continental Motors is now producing a complete range of reliable, economical personal planes engines from 65 to 600 horsepower. These engines are backed by a complete service and parts organization, as near as your nearest airport.

When you take delivery — "f.a.f." — of that new plane, the chances are that you'll fly away with Continental Red Seal power. For Continental leadership, in volume as well as in quality, stands today at an all-time high. Month after month since V-J Day, Red Seal aircraft engines have been leaving the assembly line in steadily-increasing numbers. Production today is higher than ever before in time of peace. **Achievement of such volume is a job which only Continental was able to do.**

Read Seal engine production will go up and up still further during the coming months, for new plant facilities are being added as rapidly as this can be done. But the prime consideration, then as now, will be adherence to the quality standards which, maintained over the years, have made Continental Red Seal aircraft engines "fliers' first choice."

Continental Motors Corporation
 MUSKEGON, MICHIGAN

44 YEARS' SPECIALIZED EXPERIENCE BUILDING ENGINES FOR TRANSPORTATION, INDUSTRY, AVIATION AND THE FARM



FOR THE FARM · FOR TRANSPORTATION · FOR THE OIL FIELD · FOR CONSTRUCTION

friction bearings. Alloy steel gears and shafts are lubricated by automatic forced feed. Drive, tumbler, and cone gears in the feed box, and other moving parts in the headstock, are flame-hardened. Electrical controls are centralized on a single panel. Main drive is a reversing type 3-hp. motor.

Availability: delivery beginning January, 1947.

Steel Leash for Dogs

ReeLeash, a new stainless steel dog leash, is said to provide, with a little cooperation from the dog, any leash-length up to five feet at the press of a button. Release of the button then locks the leash at the desired length. The stainless steel cable is fitted with a chrome-plated alloy steel hook. Sealed-in lubrication is provided.

M. R. Grandon Co., 620 N. Doheny Drive, Los Angeles 46, states that the adjustable length prevents dragging and tangling, while the small size of the leash when it is retracted by spring action makes it suitable for carrying in a pocket or purse.

Availability: delivery in two weeks.

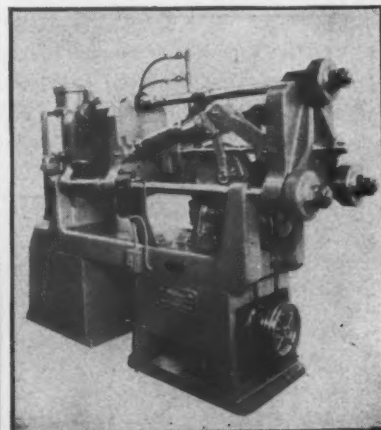
Automatic Die-Caster

A new automatic die-casting machine for production of zinc, lead, and tin castings has been announced by Light Metal Machinery, Inc., 736 Penton Building, Cleveland. The unit is reported to eliminate between-cycle delays through a patented cycling mechanism which provides continuous die movement, shot, and ejection.

The manufacturers state that the machine, operating at 240, 330, 520, or 720 shots per hour, requires manual assistance only to fill the melting pot and lubricate the die. Shot capacity is reported to be 16 oz. with a casting area of 30 sq. in.

Additional advantages claimed are faster die changes, greater dimensional accuracy, and space saving.

Availability: delivery in 60 days.



NEWEST

FACTS about the MANAGEMENT MARKET

First post-war poll of management
by Business Week re-measures

individual income
stock and property holdings
travel habits

and a wide variety of business
and personal affairs.

Anonymous please

Small figures in red
column to right are for
mechanical tabulation
only. Please do not sign
this questionnaire.

What kind of business are you engaged
in? (Please be specific—i.e., if food, state
whether mfg., distribution, etc.)



Business Week

MCGRAW-HILL PUBLISHING COMPANY, INC. 110 N. ZEEBING STREET NEW YORK, N. Y.
June 10, 1946

Dear Sir:

The attached questionnaire represents Business
Week's third audience survey since 1939. To be
successful, it needs ten minutes of your time.

You will find some of the questions quite per-
sonal. I want to assure you, however, of the
complete anonymity desired; your signature is
not expected.

The results of preceding polls like this have
served to better inform Business Week of the
character and interests of the management-men
who read it. Those results have also aided in
defining and describing this audience to others.

This survey, in addition, will assist in estab-
lishing whatever trends there might be in the
affairs of management-men like you and will be
the first post-war measure of its kind.

Your help will be appreciated.

Sincerely,

Paul H. Hargrave
Publisher

P. S. The return envelope is postage-paid, use
either pencil or pen. If the final total results
would be interesting to you, please request it by
separate note to me.

HERE ARE THE RESULTS of Business Week's third survey to
determine many personal and business characteristics of
the men who manage America's business and industry.

Previous surveys (in 1939 and 1944) were made via
personal interview by representatives of the Retail Credit
Company. This year that company was unable to accept
the assignment and survey-by-mail was selected.

why it was done

The editors of Business Week conduct continuing re-
search among readers to determine which business-news
interests are paramount, to measure reader reaction to
specific and to general news reports. But periodically
Business Week editors find it also useful to have avail-
able certain practical information about the men who
make this audience. What is their average age? How

varied are their business interests? On what scale do
they invest in securities?

So, too, the advertisers in Business Week (who pre-
pared 3,900 of its pages in 1945) are aided by a practical,
composite picture of this audience. Its size and strength
as a business market is generally known. But here is
evidence verifying those facts and also testifying to a
strong and influential consumer market! What type auto-
mobile does the average Business Week reader own? How
much life insurance does he carry? What are his vacation
habits?

how it was done

Some of the information sought in this survey is highly
personal. Moreover, the group surveyed is well prac-
ticed in business methods and might be expected to be
less responsive to surveys than average consumer groups.
At any rate, when a survey-by-mail was proposed, re-
search technicians predicted low and slow returns.

All agreed, however, that a valid, accurate survey-
sample of Business Week's 150,000 audience would be
2% . . . a return from 3,000 readers.

Accordingly, the initial mailing was to 10,000 Business
Week management-subscribers throughout the alphabet,
in the same proportion as each letter appeared in the cir-
culation records. (The names of 5% of Business Week's
total audience begin with the letter A, 5% of those sur-
veyed had names beginning with the letter A.) It was
planned to make successive mailings until a total of
3,000 returns were obtained.

But the spontaneous response of this audience was such
that 3,461 answers were received from the initial mailing
... a survey return of 34.6%, representing 2.3% of Busi-
ness Week's entire audience! No further mailing was
necessary, the complete return from this one-and-only
mailing was more than adequate.

the data

The entire mailing of 10,000 questionnaires was made be-
tween the dates of June 10th and July 8th. The accom-
panying letter was on Business Week letterhead, the
returns were addressed to Business Week. All tabulation
was mechanical, performed on equipment of the Inter-
national Business Machines Corporation.

The questionnaire and letter are reproduced on this
page; the results appear on the pages which follow.

FACTS about the MANAGEMENT MARKET

four out of five of these management-men are home owners.

Business Week



1 What kind of business are you engaged in? (Please be specific—i.e., if food, state whether mfg., distribution, etc.)

	NUMBER	PERCENT
Manufacturing	1121	33.0
Wholesale distribution	490	14.4
Retail distribution	494	14.6
Finance	319	9.4
Business and Industrial services	240	7.1
Transportation and Communications	72	2.1
Raw Material and Power Production	253	7.5
Construction and Installation	111	3.3
Personal and Household Services	88	2.6
Government and Education	127	3.7
All others	77	2.3

2 What is your position in the company?

Chairman of Board, President, Director	591	17.9
Owners and Partners	989	30.0
Vice-Presidents	225	6.8
Treasurers and Secretaries	244	7.4
General Managers	360	10.9
Production, Operating, & Maintenance Managers	229	7.0
Other Major Executives	108	3.3
Sales Managers and Assistants	165	5.0
District Sales Managers and Assistants	61	1.9
Purchasing Agents	47	1.4
Chief Engineers and Assistants	151	4.6
Personnel, Legal, Credit Mgrs.	43	1.3
All others	85	2.5

3 Are you an officer or director of any other business?

yes	1137	33.7
no	2235	66.3

a If 'yes,' how many others?

1	531	50.1
2	310	29.2
more	220	20.7

4 What is your present age?

Under 30	126	3.7
30-39	664	19.7
40-49	1148	34.0
50-59	972	28.8
60 and over	466	13.8

5 What is your marital status?

married	3272	95.1
single	167	4.9

FACTS about the MANAGEMENT MARKET

nearly half (47.8%) of this audience has annual income greater than \$10,000.

influence? see Q. 2 for titles of these management-men and note (Q. 3) every third man is an officer or director of some 'other business'



6 Do you own or rent your home?

own	2738	80.4
rent	660	19.4

7 What is the estimated value of home?

Under \$5,000	29	1.1
\$5,000-\$9,999	590	22.7
\$10,000-\$24,999	1453	55.9
\$25,000-\$49,999	414	15.9
\$50,000 and over	115	4.4

a If rental, what is monthly rent?

Total replies	604	100.0
under \$50	247	40.9
\$50 - \$74	212	35.1
\$75 - \$99	77	12.7
\$100 - \$124	38	6.3
\$125 - \$149	11	1.8
\$150 and over	19	3.2

8 Other than your home, do you own or have an interest in income-producing property?

yes	1813	53.2
no	1594	46.8

9 If yes, what is the amount of that investment?

under \$5,000	251	14.1
\$5,000-\$9,999	295	16.6
\$10,000-\$24,999	441	24.8
\$25,000-\$49,999	332	18.6
\$50,000-\$99,999	225	12.6
over \$100,000	237	13.3

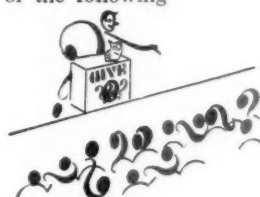
10 Please estimate your present gross worth:

less than \$5,000	148	4.4
\$5,000-\$9,999	336	9.9
\$10,000-\$24,999	796	23.4
\$25,000-\$49,999	734	21.6
\$50,000-\$99,999	631	18.6
over \$100,000	750	22.1

11 Do you invest in stocks or bonds?

yes	2092	61.7
no	1299	38.3

12 Are you active in any of the following types of organizations?



a Non-profit, public-spirited affairs such as hospitals, foundations, charities, schools:	yes	1926	61.7
	no	1196	38.3
b Social organizations; indicate which of the following:	Replies	2369	100.0
	golf club	1176	49.6
	tennis	114	4.8
	lunch	925	39.0
	squash	31	1.3
	yacht	166	7.0
	college	475	20.1
	others:	881	37.2



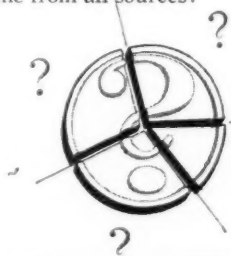
c Business organizations such as Rotary, Chamber of Commerce, Lions, etc.:	yes	2256	68.6
	no	1032	31.4



d City or State Government affairs:	yes	758	24.4
	no	2353	75.6



13 What was your last reported GROSS income from all sources?



under \$3,000	98	2.9
\$3,000-\$4,999	544	16.2
\$5,000-\$9,999	1115	33.1
\$10,000-\$24,999	1082	32.1
\$25,000-\$49,999	344	10.2
over \$50,000	183	5.5

14 How much life insurance do you carry?

under \$10,000	783	22.8
\$10,000-\$24,999	1311	38.3
\$25,000-\$49,999	777	22.7
\$50,000-\$99,999	319	9.3
over \$100,000	148	4.3
none	88	2.6



FACTS about the MANAGEMENT MARKET

14.4% of this audience represents companies owning (or intending to own) planes for business

FACTS about the MANAGEMENT MARKET

two-thirds of these men will buy new cars...more Buicks are wanted than any other make!



15 How many automobiles do you own?

	NUMBER	PERCENT
none	78	2.4
1	2239	68.1
2	864	26.3
more	105	3.2

a Please indicate make(s):	Buick	442	13.8
	Chevrolet	410	12.8
	Ford	393	12.3
	Plymouth	219	6.8
	Oldsmobile	197	6.1
	Dodge	188	5.9
	Pontiac	176	5.5
	Chrysler	150	4.7
	Packard	147	4.6
	* Others	601	18.6
	Not Specified	842	26.2

* see detailed report

16 Do you plan to purchase a new car as soon as they are available?

yes	2187	67.4
no	1059	32.6

a Probable make:	Buick	266	12.5
	Ford	201	9.4
	Chevrolet	173	8.1
	Oldsmobile	167	7.8
	Cadillac	166	7.8
	Chrysler	154	7.2
	Pontiac	126	5.9
	Dodge	122	5.7
	Plymouth	95	4.5
	* Others	381	17.3
	Not Specified	581	27.3



* see detailed report

17 If your company owns passenger cars for business use, please indicate how many:

1-5	1165	69.2
5-10	161	9.5
10-25	93	5.5
25-50	64	3.8
over 50	203	12.0
Total companies owning cars	1685	100.0



a Makes: see detailed report

18 If your company owns trucks for business use please indicate how many:

1-5	1361	61.3
5-10	303	13.7
10-25	206	9.3
25-50	95	4.3
over 50	254	11.4
Total companies owning trucks	2219	100.0

a Makes: see detailed report



FACTS about the MANAGEMENT MARKET

53.2% own income-producing property...nearly half of which is worth over \$25,000

FACTS about the MANAGEMENT MARKET

management-men keep on the move...four out of five regularly travel on business!

FACTS about the MANAGEMENT MARKET

on vacation, 80.6% of the respondents will see America...one-third will also cross the borders.

FACTS about the MANAGEMENT MARKET

survey return of 34.6% ...from the one and only mailing!

19 Does your company own, or is it considering owning, a plane for business use?

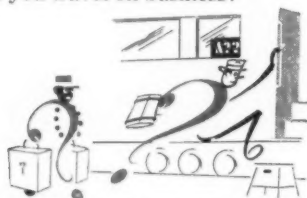
owns	214	7.1
thinking about it	220	7.3
no plans	2576	85.6

20 Do you own, or plan to purchase, a private plane?

own	74	2.3
plan to	226	6.9
no plan	2982	90.8

21 Do you travel on business?

yes	2431	80.8
no	576	19.2



a If yes, please state approximate number of trips annually:

1-5	649	27.0
5-10	583	24.2
10-20	568	23.6
more	605	25.2

22 How many of these trips were by:



air	4603	12.2
rail	10857	29.0
bus	711	1.9
auto	21009	56.4
water	209	.5

23 If it is probable that you will take an extensive pleasure or business-and-pleasure or vacation trip(s) with your family during the coming year, please indicate your probable destination:

U. S.	1932	80.6
Canada	451	18.8
Mexico	192	8.0
abroad	103	4.3

a Probable mode of travel:



air	316	13.5
rail	397	16.9
bus	8	0.3
auto	1916	81.6
water	135	5.7

24 If you have a favorite sport or hobby, please indicate:



golf	1156	37.6
tennis	212	6.9
swimming	596	19.4
bridge	609	19.8
photography	508	16.5
carpentry	329	10.7
painting	92	3.0
poker	580	18.8
others:	844	



FACTS about the MANAGEMENT MARKET

wherever you find it,
you find
a management-man
...well informed

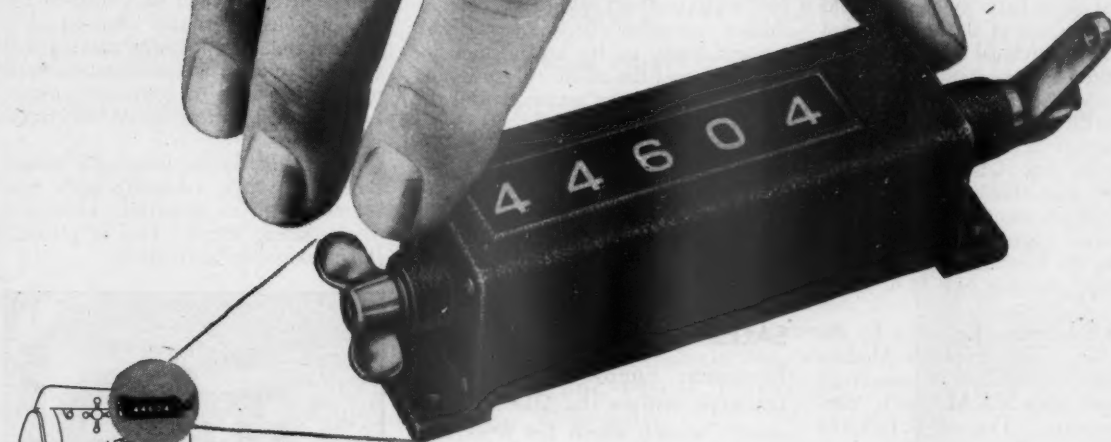
Now available in supplement form is a more detailed analysis of this survey. (For example, the above answers to question 22 indicate how many trips are taken by each of five modes of transportation. But figures are also available on how many men travel by each method, the average number of trips each takes, etc.) This complete analysis will be in the hands of Business Week representatives by the time this report is published.

You will find it helpful and interesting, we believe, to have a copy of the complete results to ANONYMOUS PLEASE. Whether for production, sales, or advertising purposes, its information may throw brand new light on many a business problem. One use is quickly apparent: To advertisers, Business Week's ability to identify each subscriber by title and business connection is significant and valuable. But this extra and detailed information, from this type of survey, helps advertisers give added point to their messages presenting goods and ideas to the men of management.

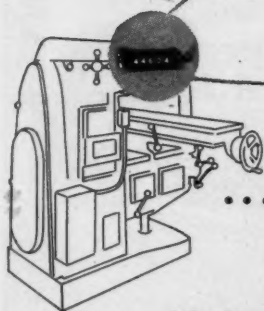
For the complete survey report, see your Business Week representative or write Business Week, 330 W. 42nd, N. Y. 18, N. Y.

28

You Can COUNT ON VEEDER-ROOT to Build **COUNTROL** Into Your Product or Process



... with either *Standard* or *Special* Veeder-Root Counting Devices



Take a rolling mill, a machine tool, jet plane, juke box — or what have you? Odds are long that there's a place ready and waiting, *though perhaps as yet undiscovered*, for Veeder-Root *Countrol* in your product-design and sales-promotion plans.

And now's the time to find out. Ask a "Counting House" engineer to count up the ways in which you can profit by building into your product or process the right Veeder-Root Device (standard or special) ... like, for one instance, the standard Medium Size Rotary Ratchet Counter shown above.

Remember, too, that *Countrol* can profit your customers as well as yourself ... can help to keep you on friendly terms by proving your

product's guarantee. Find out just how much you *can* count on. Write today to Veeder-Root Inc., Hartford 2, Conn. *In Canada:* Veeder-Root of Canada, Ltd., 955 St. James St., Montreal 3. *In England:* Veeder-Root Ltd., Dickinson Works, 20 Purley Way, Croydon, Surrey.

Give your product this extra Merchandising

Feature



MARKETING

Electric Utilities Fight Back

Alarmed at inroads made in small-town and rural markets by bottled gas, the industry plans united counteroffensive. Basic program is offered by National Electrical Manufacturers Assn.

The nation's electrical industry this week was importuned to rally behind an aggressive merchandising and promotion campaign to meet the growing competition of bottled gas in rural areas and small towns of the nation (BW—Nov. 2'46,p21).

• **Program for Cooperation**—Formulated by the National Electrical Manufacturers Assn. with the cooperation of the Edison Electric Institute, the project was offered as "a basic program around which all branches of the industry can build their individual campaigns to form a united, coordinated front for the greatest cumulative effect."

Outgrowth of several months of behind-the-scenes activity by N.E.M.A., the program was detailed in a sales promotion plan book distributed to some 650 private utilities, 1,000 municipally owned utilities, 950 co-ops financed by the Rural Electrification Administration, and 500 N.E.M.A. members.

• **Aim Is Education**—Keynoted by the slogan, "Go All-Electric—the Modern Way," the campaign will be concerned initially with what N.E.M.A. calls "consumer education." This will be followed by a dealer education program now in preparation.

Objective is to build power load by inducing consumers to use more electrical appliances, notably ranges and water heaters. Thus everyone, from the company generating the power to the manufacturer and seller of appliances, can benefit.

• **Basic Factors**—The whole program actually had its inception some months ago when N.E.M.A. circulated a limited-edition "Report to Utility Executives on LP-Gas Competition." (LP-gas, an abbreviation of liquefied petroleum gas, is another name for bottled gas.) This report stressed several facts:

(1) Opportunities for building domestic power load depend heavily upon increased use of electricity for cooking and water heating.

(2) The small town-rural market offers the best possibilities because of the growth in rural electrification (BW—Sep. 7'46,p19), increased prosperity (BW—Nov. 2'46,p61), outmoded living conditions.

(3) Bottled gas already has captured

one-seventh of this small town-rural market; even in territories 85% wired for electricity it has made great inroads.

• **Studying the Competition**—To capture this "\$20,000,000,000 market," utilities were advised to learn more about LP-gas operations in their territories, plan a promotional "counter-offensive." Later, finding utilities were not too well-informed on LP-gas, its composition, distribution, utilization, N.E.M.A. sent out additional data including one utility's breakdown of comparative costs in its area, which of course favored the all-electric customer.

Next step was the preparation of the sales promotion plan book, whose distribution this week brought out into the open the program for a unified electrical industry campaign against the bottled gas industry.

• **Details of the Plan**—The plan book outlines the LP-gas problem, citing

among other things that its competition already "has cost the utility industry \$150,000,000"; reviews the rural market; presents the program in detail; offers sales, promotion, and advertising suggestions; and includes samples of material to be used in the counter-offensive, such as newspaper ads, outdoor and indoor posters, direct mail pieces, bill stuffers, radio scripts, and publicity releases which have been prepared.

It also contains full instructions for putting the program into effect, including dealer and customer surveys, establishment by utilities of special small town-rural departments to concentrate on this business, and cooperation with appliance distributors and dealers, as well as an advertising and publicity campaign.

• **Still to Come**—Next step in the continuing campaign will be an accelerated program of dealer education. For this purpose N.E.M.A. is preparing a sales manual on electrical appliances, with comparative cost and performance figures for electricity and "flame fuels"; a sound slide film for sales training use; a motion picture for presentation both to salesmen and to consumer groups; and a manual for teachers of sales training classes.

Still further in the future is a second promotion drive, complete with new promotion pieces, advertising ideas, and sales training items. This is planned for introduction next spring.

SALES WAGON TO A STAR

Promotion campaigns grow wings nowadays: witness the Atlas Sky Merchant (below), which last week took off on a tour through the U. S. and Canada to sell automotive and aviation accessories. It is operated by Atlas Supply Co., Newark, N. J., jointly owned by Standard Oil companies of New Jersey, Indiana, and California. At one end of the DC-4 is an Atlas showroom (right); at the other, a "classroom" is set up for between-hop lessons in salesmanship.



How Perrygraf Selectors make it easy to specify Thermoid Products*

Result: More users specify Thermoid; more dealers recommend Thermoid; more equipment builders select Thermoid

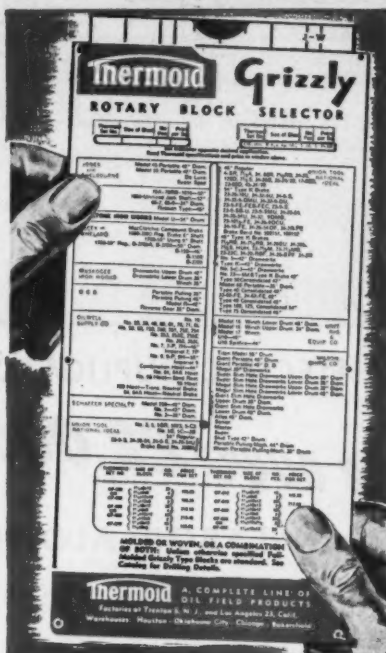
When a product is easy to specify, it has a powerful competitive advantage. Users order it with confidence. Distributors find it easy to recommend it. And these advantages can be secured for a few cents with a Perrygraf product selector.

Thermoid Company of Trenton, New Jersey, first called on the Perrygraf Corporation to develop a Fan Belt Selector.

So valuable has this device been in producing sales from garages and service stations that the company has now adopted a Perrygraf Selector for oil well equipment. One quick pull of a slide gives size, catalog number and price of the right rotary block for any set of conditions.

"Customers really use the Rotary Block Selector . . . many fine comments from dealers and salesmen . . . a worthwhile investment," writes Edward C. Hoefflich, Sales Promotion Manager.

You merely define the problem . . . we do the rest. Perrygraf designers are skilled at boiling a mass of complicated information down into a single, simple card that can be operated with a flick of the fingers. Simply tell us your problem—we submit designs and prices—promptly, and without obligation. Just drop us a line!



You Can Build Profits 8 Ways!

Perrygraf Product Selectors, Calculators, Visualizers and Demonstrators will . . .

1. Focus demand on the most profitable items.
2. Save selling time with fingertip control of information about your product.
3. Make your sales story easy to grasp—easy to remember.
4. Suggest your product name when purchase are being considered.
5. Make it easy to specify your product.
6. Make your product easier for distributors' salesmen to sell than any other.
7. Inject a new selling tool into your sales and advertising program.
8. Help to build cream prospect lists for only a few cents per name.

Write for Folder and Complete Information

Folder illustrates many Perrygraf products, describes applications and problems solved. It will pay you to investigate—now.

Write Planning Department, Perrygraf Corporation, 1500 Madison Street, Maywood, Illinois



PERRYGRAF
Corporation

1500 Madison Street, Maywood, Illinois
Phone Maywood 234

designers and
manufacturers
of Perrygraf
Visualizers, Demonstrators,
Calculators, Product Selectors

Fair Trade Again

Sudden end of OPA controls revives interest in contracts for price maintenance. Forum slated on pricing problems.

In New York City this week the American Fair Trade Council slowly dug itself out of an avalanche of letters and telephone calls. Because of removal of most price controls, manufacturers had suddenly become interested in fair trade contracts (which stipulate minimum prices) to protect their price structure against possible chaotic market conditions.

• **The Questions**—The council will stage a one-day public forum in New York's Waldorf Astoria Hotel on Nov. 26, to answer some of the questions which fair traders, and would-be fair traders, are asking. Some, completely uninformed, want to know what fair trade is. Others ask about procedure.

Still others have technical problems. For example, how can they enforce fair

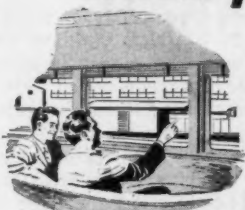


GOOD INTENTIONS

Only a poster (above) adorned Libbey Glass Co.'s booth at last week's New York hotel show—but it drew plenty of attention. Slated to leave Toledo by truck, the company's new line of samples at the last minute went by rail after someone remembered the New York trucking strike. As the strike ended Libbey began a hectic search for its boxcar, reported gone "astray" in Ohio. The car reached Manhattan the day before the show ended, was unopened. The exhibit takes 16 hours to set up.



when your plant's in a "CENTRAL" Location!



Locating your factory or warehouse on New York Central helps you *go places* in a double sense. For you are centrally located within comfortable overnight reach of America's largest markets, ports and financial centers. And you have the swift, all-weather passenger service of this Railroad's Great Steel Fleet... now adding enough new luxury equipment to make 52 streamlined trains.

In production, too, such a location helps you *go places*. Your plant enjoys the competitive advantage of being central to 62% of the skilled factory labor, abundant sources of low-cost power and pure industrial water. And you are within efficient, economical reach of some 75% of America's bituminous coal and steel produc-

tion...plus the world's most varied supplies of raw and semi-processed materials.

Ask about plant sites in this key area

New York Central Industrial Representatives, listed below, have on file information about a wide variety of strategic sites available along this Railroad's 11,000-mile rail network. They are prepared to undertake surveys to search out special advantages you may need. Let them help you find the "central" location that will make it easier for you and your company to *go places* in the years ahead.

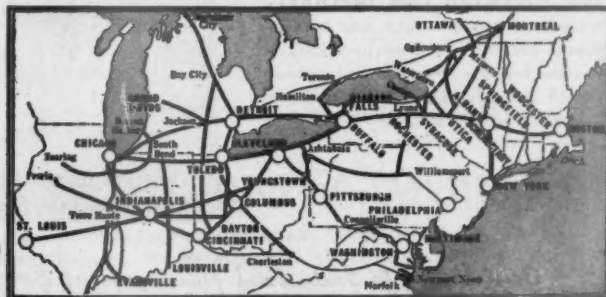
Industrial Representatives:

BOSTON	South Station	A. E. CROCKER
CHICAGO	LaSalle St. Station	H. W. COFFMAN
CINCINNATI	230 East Ninth St.	G. T. SULLIVAN
CLEVELAND	Union Terminal	A. J. CROOKSHANK
DETROIT	Central Terminal	A. B. JOHNSON
PITTSBURGH	P. & L. E. Terminal	P. J. SCHWEIBINZ
NEW YORK	466 Lexington Ave.	W. R. DALLOW

In other cities, contact our nearest Freight Agent.



NEW YORK CENTRAL



Thermoid — For Progress in Industry

The old-fashioned hand gun was a great advance over the oil can and grease paddle. But it was still slow and lubricant penetration was uncertain.



Just pit the antique method above against this modern, powerful portable greasing unit for servicing all types of automotive and construction equipment on the job. The compressor here delivers pressures up to 200 lbs. which may be boosted on the hydraulic side to as high as 10,000 lbs. per square inch! Thermoid wire braid hydraulic hose carries this load with ease.

Helping the planners of tomorrow's products and methods is just one of Thermoid's services to industry. Without the development of a hose capable of extremely high pressures, the above pictured greasing unit would still be an "inventor's dream." The production of Industrial grease and hydraulic control hose is the answer to many difficult problems. There's an answer waiting at Thermoid for your special hose problems, too.

Get in touch with your local Thermoid Jobber or direct factory representative. 60 years of research and industrial rubber know-how are at your beck and call for problems relating to all kinds of hose, belting and friction materials.

THE THERMOID LINE INCLUDES:
Transmission Belting • F.H.P. and Multiple V-Belts and Drives • Conveyor Belting • Elevator Belting • Wrapped and Molded Hose • Sheet Packings • Industrial Brake Linings and Friction Products.



Contributor to Industrial Advancement Since 1880

trade on a product like a refrigerator where the service guarantee, a highly flexible factor, is included in the price, or on a radio where the trade-in value of the customer's old model defies standardization?

But most of all, the inquirers want to be assured that if they establish a fair trade price now, they can revise it later if necessary. Beseated by uncertainties of costs and production rates, manufacturers want to set prices that will mean profitable operation. But they are acutely conscious of the danger of pricing themselves out of their market.

• **Out of Doldrums**—A year ago, when production problems were all-absorbing, there was comparatively little interest in fair trade contracts, though it was perking up after wartime doldrums (BW—Oct. 6 '45, p. 87). But last spring when government holdings of war surpluses began to be dumped, manufacturers woke up to the advantage of being able to control prices in a buyer's market.

Now that pipelines are beginning to fill, sporadic instances of price cutting are driving home the idea.

• **Reason for Speed**—Many firms feel that if they intend to go fair trade, the move should be made quickly. They see an advantage in establishing now a relationship between price and quality, in consumers' and dealers' eyes, lest price cutting later on should obscure standards of value.

Furthermore, experience has proved that fair trade contracts are best entered into before they are actually needed. In the depression-ridden 1930's companies which tried to combat price cutting by going fair trade found they made little headway with retailers who were already carrying competitive fair trade lines. They also lost the trade of the price-cutting fraternity which had been handling their output.

• **The Wartime Slowdown**—Fair trade, which between 1931 and 1941 was adopted in all states except Missouri, Texas, and Vermont, made little progress during the war. Manufacturers were too preoccupied with production problems to worry about distribution, and goods were too scarce for price cutting.

Under OPA regulations, individual retailers could adopt established fair trade prices as their ceilings, in cases where their OPA ceilings were lower than the fair trade prices. But this relief was not widely used because the burden of applying for the higher price rested on the retailer. He was already snowed under with wartime paper work.

OPA regulations enabled manufacturers to adopt fair trade even after the price freeze. But most firms were discouraged from it by some of the conditions involved, such as the requirement that the manufacturer set the

AMERICA PROGRESSES
THROUGH CONSTRUCTION



Modern Highways Serve the Public Better Than Ever Before

MODERN highways handle greater volumes of traffic at higher speeds with greater safety. Methods developed by the construction industry have made these improvements possible.

In the twenties, for example (see small insert above of 1920 highway), highway engineers designed roads with 16-foot pavements which required only about 3,000 cubic yards of excavation per mile. Safety at greater speeds today usually requires 24-foot pavements for two lanes, and earth-moving has increased 20 to 30

times. Improved methods have made possible wider and heavier pavement, fewer and lower grades, fewer and broader curves, and more structures to ease the flow of traffic.

Today the public is served better than ever before by its new highways. Developing the efficiency and economy from which the public benefits is one of the functions of the construction industry. Highway contractors of skill, integrity and responsibility are identified by the A.G.C. emblem.



This advertisement is No. 9 of this series

THE ASSOCIATED GENERAL CONTRACTORS of AMERICA, INC.

Ninety-Seven Branches and Chapters Throughout America
National Headquarters—Munsey Building, Washington 4, D. C.

SKILL, INTEGRITY AND RESPONSIBILITY IN CONSTRUCTION OF BUILDINGS, HIGHWAYS, RAILROADS, AIRPORTS AND PUBLIC WORKS

"WHY CAN'T FOLKS GET ALONG BACK THERE?"

* Kansas people are accustomed to work . . . work before pay. Rural in origin, they realize that harvest follows effort and that the bounty of the harvest is not greater than the effort and planning that precede it.

It may be environment, it may be heredity. But the people of Kansas . . . sons and grandsons of sturdy

pioneer settlers . . . are prone to do their own thinking. They simply cannot understand how independence of personal decision can give way to acceptance of ideas and theories advanced by some radical leader. They prefer logic and reason rather than mass emotion and radicalism. You can depend on Kansas labor.

FOR INSTANCE...

Kansas has never experienced a general strike. And with the exception of local work stoppages of short duration there has not been a serious strike in this state for more than a quarter-century.



KANSAS INDUSTRIAL DEVELOPMENT COMMISSION

William E. Long, Secretary-Director
809-A Harrison Street Topeka, Kansas

KANSAS *** REALLY**

MEETS INDUSTRY HALF WAY



ART FOR THE ARTLESS

Artist Jean Spencer shows Lee Rocke of Rocke International Corp. one of her pictures featured by Hall of Art, a popular-priced New York gallery acquired recently by Rocke's organization of domestic and foreign sales representatives. Rocke's goal is to sell 50,000 reproductions of modern paintings annually (\$17.95 each, framed) through furniture and department stores. The sales point: art as an essential to interior decoration. The market: those who never get around to framing their favorite calendars.

fair trade quotation on a product at the lowest price at which any of his retailers was selling it.

• **Setbacks**—The war years also brought some significant setbacks:

The Missouri legislature failed to pass that state's fair trade bill (BW—Jul.21'45,p45).

The retail drug trade gave up its fight for a fair trade law in the District of Columbia (BW—Feb.2'46,p5) after efforts to pass it had stirred up strong consumer resistance and prompted the release of a Federal Trade Commission report blasting retail price maintenance and all of its works (BW—Dec.29'45, p81).

The National Wholesale Druggists Assn. and sundry firms and individuals in that trade were fined \$87,000 in a Justice Dept. case alleging abuses of fair trade systems (BW—Jan.12'46,p92). (Still pending is an antitrust suit against the National Assn. of Retail Druggists.)

Finally, early this year, the U. S. Supreme Court upheld the Justice Dept. in its suit attacking the liquor industry's fair trade contracts (BW—Mar.10'46,p93).

• **Effect Is Limited**—For all the splash it has made, fair trade so far has succeeded in invading a relatively small part of the nation's economy. The council, which has 80 members, esti-

having power GROWING PAINS?



GROWING pains of industrial expansion may be straining your power or boiler plant facilities beyond the limits of really efficient operation. Your increasing requirements may necessitate modernization or replacement of equipment to prevent plant failure.

These growing demands indicate the need for a sound analysis of your existing boiler or power plants. After a thorough check-up, your Consulting Engineers will be able to suggest the methods and the modern equipment for major improvements in capacity and operating economy.

Then you will want to call in the DRAVO Power Plant Specialists. These men can be of real service in carrying out the recommendations of your Consulting Engineers; they've had wide experience in relieving power growing pains by installing new equipment or by modernization of existing facilities.

DRAVO-built and DRAVO-equipped plants serve all industry—steel plants, coal mines, oil refineries, chemical manufacturers, etcetera. Wherever you need additional boiler or power capacity DRAVO specialists can be of real assistance.

Bulletin #NM504 describes, in detail, how DRAVO power plant experience will serve you.



PITTSBURGH • WILMINGTON • PHILADELPHIA • WASHINGTON • NEW YORK • DETROIT

CLEVELAND

Power and Boiler Plants	☆	Pumping Stations	☆	Power Plant and Contractor's Equipment	☆	Direct-Fired Heaters	☆	Industrial Heating and Ventilating
Bridge Substructures	☆	Docks	☆	Pump Houses and Intakes	☆	Locks and Dams	☆	Shafts, Slopes and Tunnels
Coal and Ore Bridges	☆	Cranes and Derrick Boats	☆	Crane Cab Coolers	☆	Open Steel Flooring	☆	Concrete Aggregates
								Towboats and Barges
								Inland River Transportation



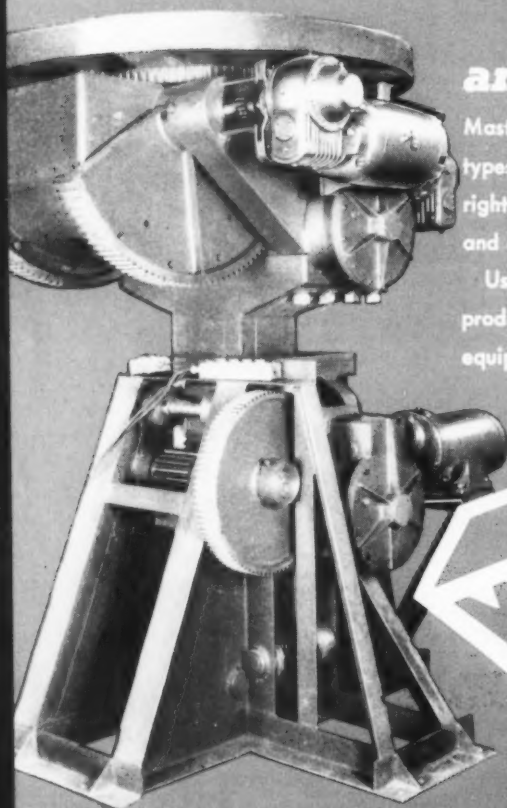
the **RIGHT** *horsepower*

Available in sizes from 1/10 to 100 horsepower.



the **RIGHT** *shaft speed*

Gear reduction ratios range up to 432 to 1.



and **RIGHT** *where you want it*

Master Gearmotors, available in millions on millions of combinations of types and ratings, permit you to use a power drive on each job that's just right . . . a power drive that will add greatly to the compactness, appearance, and economy of each of your applications.

Use Master Gearmotors to increase the saleability of your motor-driven products . . . improve the economy, safety, and productivity of your plant equipment. They're the horsesense way to use horsepower.



GEARMOTORS

THE MASTER ELECTRIC COMPANY • DAYTON 1, OHIO

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mates that there are probably about 1,000 companies which have established fair trade contracts.

A good portion of these are in the proprietary drug and cosmetic field, thanks to the untiring efforts of the National Assn. of Retail Druggists (BW—Aug. 14 '43, p96).

• **Expansion Prospect**—However, there have been some recent gains. R. B. Semler, Inc., makers of Kreml hair tonic and shampoo, this month announced that with OPA controls off, its year-old fair trade contracts would now be strictly enforced.

And in the last few months several firms in other fields have gone fair trade. Among them are Casco Products Corp. (automotive accessories and home appliances), Barlow & Seelig Mfg. Co. (Speed Queen washers and ironers), and Farnsworth Television & Radio Corp.

There is further promise for the cause of fair trade in the wide range of products manufactured by companies now deluging the council's office with inquiries. They include infants' wear, beauty shop supplies, marine equipment, liquor, material handling equipment, furniture and mattresses, tools and knives, electric kitchen equipment, furniture wax, cameras and projectors, household linens, mops, hair brushes, septic tanks, water heaters, paints and varnishes, watches and jewelry, tin can sealers, toasters, tires, laundry machinery, flashlight batteries, and cooking utensils.

DIVERSIFICATION BID

Recognizing the value of its distributive trade, the city of Rochester is promoting this field of commercial development in the hope that diversification will provide greater business stability for the area.

Although the campaign was started only last April, Rochester's Commerce Dept. has aided in obtaining the distribution of 263 new products through local companies, including a number of new businesses started by war veterans. The city estimates this distributive development will bring in more than \$500,000 in new business.

In letters to manufacturers of new products and to new companies, the department offers its services in finding reputable local distributors, subcontractors for local manufacture, or office or warehouse space, in obtaining transportation data, or in making tests of products for compliance with state and local regulations. Local small businesses are offered aid in obtaining wider distribution for their products.

The city expects that the collective payroll resulting from this campaign will be equal to that of a large manufacturing industry.

Skinner "UNIVERSAL UNAFLOW"

The Most Economical STEAM ENGINE Built

for Generating Electric Power or Driving
Compressors, Blowers, Pumps, Lineshafts . . .



300-Kilowatt Horizontal
"Universal Unaflow" in
Meat Packing Plant

4-Cylinder Vertical 800-Kilowatt "Universal Unaflow"
in Plant of Machine Tool Manufacturer

YEAR after year the sales of Skinner "Universal Unaflow" Steam Engines continue to grow; old customers install additional units; new customers replace purchased power with power generated under their own roof, or replace other types of prime movers with "Universal Unaflow" engines.

The "Universal Unaflow" is not just another steam engine; it is the outstanding reciprocating steam prime mover of this era. The performance of thousands of "Universal Unaflow" engines, in almost every type of industry and institution, daily demonstrates the truth of our claim—that they are "the most economical steam engines built."

"Universal Unaflow" engines are correctly designed for simplicity, dependability, heavy duty service, flexibility, and permanently maintained economy. They are built for direct connection, coupling, or belt drive, to electric generators, compressors, blowers, pumps, lineshafts, or other load. They are available in sizes ranging from 50 to 2000 hp., and in horizontal or multi-cylinder vertical types.

Write us for details, and for information about the performance of "Universal Unaflow" Steam Engines in your particular type of industry.

For Over 75 Years, Doing One Thing Well—Building Steam Engines
SKINNER ENGINE COMPANY, ERIE, PA.

How
Disstoneer research
and development
"cut costs and
save time" for
Pan American
World Airways



In the carpenter shops of Pan American Airways, practically every type of wood-cutting saw used by industry is busy at work on equipment for their giant Atlantic and Pacific Clippers. These saws are Disston Saws ... developed by years of research and a thorough understanding of industry's cutting-tool requirements.

A Pan American official writes: "Actually the pictures portray a better story of our dependence upon Disston equipment to cut costs and save time than I could convey with many words. Also, what we have here pictured is nothing more than is to be found at many of our *world-wide* bases where Disston products play a vital part in our operations."

***DISSTONEER**—a man who combines the experience of Disston leadership and sound engineering knowledge, to find the *right tool* for you—to cut wood, metal, or other materials—and **TO CUT YOUR COST OF PRODUCTION**, not only on special work, but on ordinary jobs as well.

STEEL . . . Everybody who wants to obtain steel, can help himself to get it by immediately starting scrap into the channels that serve steel mills.

HENRY DISSTON & SONS, INC., 1128 Tacony, Philadelphia 35, Pa., U. S. A.



1. Disston Saw used by Pan American include circular, cross-cut, rip, hand saws, back, and keyhole saws.
2. Disston Band Saw cutting wood template.
3. Disston Micro Bar saw cutting molding.
4. Disston Dado being used to rip the plywood panels—difficult work because of danger of splintering.
5. Disston Band Saws of many types are used for different operations.



THEY'RE STILL IN THE DARK

With a "magic" wand and an electric-eye unit, little Joan Nolan turns on Chicago's State St. holiday lighting, signals the start of the Loop's Christmas shopping rush. Merchants in Chicago and elsewhere, watching retail trends closely (BW—Nov. 9 '46, p15), admittedly could use some magic themselves to foretell whether sales in 1947 will zoom or sag.

HUDNUT EXPANDING

Management in the expansive manner took over Wm. R. Warner & Co., Inc., when the board of that 90-year old New York pharmaceutical and proprietary drug house early this year hired Elmer H. Bobst to run the company. As president of Hoffman-LaRoche, Bobst earned \$300,000, reportedly the drug industry's highest salary in 1944.

Most spectacular of Bobst's moves in his new position has been purchase of five cosmetic companies in the last five months, with products nicely calculated to complement the company's Richard Hudnut line. Now part of the Hudnut menage are: Raymond Laboratories, St. Paul manufacturer of beauty shop products; Courtley, Ltd., Los Angeles creator of a men's de luxe line; Bathasweet Corp., New York producer of bath luxuries; Parfums Massenet, perfumery house, and Parfums Fragonard, French import line to which Warner has acquired all rights in this hemisphere (and may get world rights). Other cosmetic buys are rumored.

Whirlwind changes in the Warner organization began the moment Bobst arrived. He brought in new executives, several from his former employer; dropped Warner's recent emphasis on standard, competitive pharmaceuticals to concentrate on specialties; tossed aside a reportedly unworkable system



ALCOHOL

steril car, 6,000 to 10,000 gallon capacity.



CAUSTIC SODA

Heavily insulated steel car, with or without heater coils, 8,000 or 10,000 gallon capacity. Usually specially lined.



CHLORINE

Insulated, welded car; built to withstand pressure up to 500 pounds; 15 or 30 ton capacity.



COTTONSEED OIL

Clean, steam coiled car of 8,000 gallon capacity.

FOR RENT TANK CARS



Tank car transportation of liquids in bulk, pioneered by General American has proved its versatility, its efficiency, its economy.

The General American fleet comprises more than 37,000 specialized tank cars . . . 207 different types of tank cars . . . designed for the safe and swift hauling of an almost infinite variety of liquids.

General American's strategically located offices, plants, and repair shops keep these tank cars at your service; provide you with precisely the type of tank cars you want, where you want them.

If your problem is the transportation of liquids in bulk, let the nearest General American office help you.

GENERAL AMERICAN TRANSPORTATION CORPORATION

GENERAL OFFICE: 135 South La Salle Street • Chicago 90, Illinois

DISTRICT OFFICES:

New York • St. Louis • Buffalo • Seattle • Los Angeles • Dallas • Houston
Tulsa • New Orleans • Cleveland • Pittsburgh

**GENERAL
AMERICAN
TRANSPORTATION
CORPORATION
CHICAGO**



LARD

steam coiled car, usually of 8,000 gallon capacity.



WINE

Insulated car with one to six compartments. Interior coated to preserve quality.



MOLASSES

Steam coiled car with heavy capacity trucks; 8,000 gallon capacity.



SULPHURIC ACID

Heavily constructed steel car with heavy truck capacity. Equipped to unload through dome.



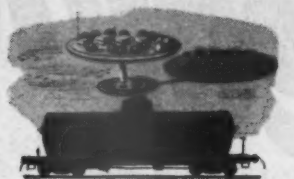
FUEL OIL

Steel car, steam coiled, 8,000 to 12,500 gallon capacity.



PROPANE

Heavily constructed car, welded and insulated. Built to withstand internal pressure to 500 pounds. Capacity 10,000 to 11,000 gallons.



CORN SYRUP UNMIXED

Clean, steam coiled with heavy truck capacity. Usually lined with aluminum paint.



LUBRICATING OIL

Steel car, with steam coils, single or multiple compartment; usually 8,000 gallon capacity.



MURIATIC ACID

Car lined with pure or synthetic rubber; 8,000 to 10,000 gallon capacity.



ACETIC ACID

Aluminum Car, 8,000 or 10,000 gallon capacity.



GASOLINE

Clean car, 6,000 to 12,500 gallons; single or multiple compartment.



ASPHALT OR TAR

Heavily steam coiled car; with 2 or more inches insulation; steam jacketed outlet; 8,000 to 10,000 gallon capacity.

Keep out corrosion,
keep down
maintenance
costs



Neolac
MIRACLE PLASTIC COATING
PROVIDES LASTING PROTECTION
FOR METAL, WOOD, CONCRETE

CORROSION goes hungry in the plant protected by NEOLAC. For this amazing new coating quickly dries to a "live" film of pure plastic so tough corrosion can't eat through. And since NEOLAC is non-oxidizing, it won't deteriorate with age . . . resists chipping and cracking, won't flake off.

SAVES MONEY—

NEOLAC lasts up to twice as long as most oil base paints, gives so much extra protection against fumes and weather . . . CUTS MAINTENANCE COSTS.

ADDS COLOR—

Wide range of NEOLAC colors includes ready-mixed aluminum, yellow, blue, gray, green, clear, red, black and white.

Write Today for Complete Information and Color Chart

RESISTS ACIDS, ALKALIES, WATER, ALCOHOL • APPLY BY BRUSH OR SPRAY • DRIES IN ONE HOUR • NO PRIME COAT NEEDED • 2 COATS AMPLE • COVERS UP TO 450 SQUARE FEET PER GALLON • NON-OXIDIZING • NON-FLAMMABLE • NON-TOXIC • RESISTS AIR TEMPERATURE UP TO 245°F.

CHAMBERLAIN ENGINEERING CORPORATION

5000 BRIMFIELD ROAD, AKRON 9, OHIO

PLEASE SEND ME FREE NEOLAC SAMPLE

Without cost send me test sample of Neolac, prices, and Neolac color chart.

Name _____
Company _____
Address _____

Teen-Agers: Future's Buyers

A good many companies today aim part of their advertising at teen-agers, on the theory that they are an unusually responsive group, with a heavy influence on parents' purchases (BW—Jun. 8 '46, p72). But the Ford Motor Co. believes that in its field there is an added incentive to emphasize teen-age promotion. Ford reasons that, in the current car sellers' market, there's little need to advertise to today's buyers. By the time the present market peters out, many who are now teen-agers will have grown up into potential car buyers. • Ford's teen-age radio advertising is in 30-minute quiz shows over local stations in 20-odd cities, paid for out of dealer advertising funds.

Teen-agers obtain admission tickets to the show from Ford dealers. At the same time they receive a sheet of questions, at least four of which will be asked on the show. Most of them deal with history, current events, or famous persons, but several are about Ford cars. Thus, whether or not they get on the quiz panel, the youths learn about the company and its products while preparing answers on the chance that they will participate.

of "professional fees" in lieu of discounts for retail druggists and revamped the entire discount schedule, raising wholesalers' discounts 20%.

Warner is said to have given its new president a five-year contract, with complete authority. One of his first moves was to renew a series of "personal" letters to the medical profession which he used in his former connection. First of these mailing pieces to go out on the Warner letterhead drew a 15% acknowledgment from doctors; 21% from dentists.

FDA EXTENDS ITS SWAY

By congressional order, the Food & Drug Administration has authority over labeling of drugs and patent medicines, the Federal Trade Commission over their advertising. But in certain borderline cases, FDA, with the sanction of recent federal court decisions, has crossed the dividing line.

These decisions have held that when advertising includes anything in the nature of directions for use, it becomes, in effect, labeling. Under them, if a patent medicine, for example, is advertised as effective in the treatment of cancer, it is mislabeled unless the label

What a Big Difference a Few Years Make ...Forever!

If you, the industrial leaders of America, fail to recognize the importance of youth at this time, you can look forward only to the ultimate defeat of the ideals, the system of government, and the system of enterprise that has made this country great by giving opportunity to all people.



Youth moves. The process is eternal. For any business to overlook the importance of youth is to put that business in jeopardy. It is also to put our entire economic system in jeopardy — our entire American way of life.

Leadership American Youth sticks together under its own banner, between the ages of 11 and 17. Then comes the parting of the ways—diffusion into our army of adults. From there on finding them, in a commercial sense, is a \$1,000,000 job. Many advertisers spend millions to reach the graduates from the Leadership Youth group. They simply must have them as customers.

Why? Because Leadership Youth Invariably Grows Into Leadership Adults! That is why today's management of every American business should, in respect of reaching America's Leadership Youth, reassert its

managerial function over advertising. It should insist, designate, that Leadership Youth must be reached and that the real story of the business — and all business — be told to this youth.

Ponder this pertinent question: "What would the temper and the opinion of the American people be today had every member of the economic system taken youth into his confidence, year by year, over the past 20 years?" The answer is, the vast majority of American people today would defend, and not stand idly by, while their economic system is attacked by others, some of whom have a foreign accent.

If You Want Sound Commercial And Sales Reasons... Leadership Youth is a billion dollar market! The average allowance and family expenditure per Leadership Youth run into hundreds of dollars a year. Then

consider the influence exerted by Leadership Youth in its own homes. Influence on everything bought for the home. And, finally, the influence of Leadership Youth on 10,000,000 other youths.

Here Is The Order For You To Give Today—"Include the Youth Group In Our Advertising Schedule!" You will be reaching youth who will read about you, your business, in their homes and in their classrooms. You will be reaching youth of top-flight caliber. Some of them are your own neighbors' children. You will reach them in American Girl, Boys' Life, Open Road for Boys, Young America, Young Catholic Messenger. The rate is only \$6,768 for a full page. For further information write Youth Group, 1 East 42nd Street, New York 17; 9 West Washington Street, Chicago 2; 136 Federal Street, Boston 10.

Youth GROUP

The Biggest Part of
Your Future is Youth!





Products like these, molded of thermoplastic, were only a few of many things the new machine could make.

How to mold a leader out of a loser

DURING the depression, many firms, in trouble because of shrinking markets, found their salvation in developing and selling new products.

An interesting example is the Reed-Prentice Corporation. When sales of their machine tools fell off in 1935, they looked around for a product with a future, and finally decided to make plastic injection molding machines.

It was a daring step, and it required money. Officers of the Company came to the Bank of Manhattan. The Bank was interested, but the Company's record in previous years had not been encouraging. In addition, some plastics experts questioned the efficiency of the proposed machine.

But the Bank's officers were impressed by the men, their ideas, their determination. They investigated the machine, and decided it had possibilities. They offered the Company a small loan based on a rigid production schedule. Reed-Prentice accepted the loan—and the challenge—and went to work immediately.

In less than a year, the production

schedule was met, and the loan was paid. Larger loans were made and paid promptly. Production increased, sales grew. Financed—and counseled—by the Bank of Manhattan, the Company added to its standard line of machine tools, purchased new equipment, increased its staff.

Today, Reed-Prentice is on top—the world's leading manufacturer of plastic injection molding machines—with an annual volume estimated at \$10,000,000 in 1946. Another example of the Bank of Manhattan's ability to judge character and ideas—proof of its willingness to help firms blaze new business trails.



**Bank of the
Manhattan Company**

NEW YORK

MEMBER FEDERAL DEPOSIT
INSURANCE CORPORATION



TAPE COATED

The trend toward apportioning the dose with handy "measured" packaging gets new impetus from a firm that puts up pills and powders in cellophane or metal-foil tapes for pharmaceutical houses. Adaptable to other powdered products, the packaging, popularized by the Army, is done by William Steven Co., Los Angeles.

includes specific directions for its use in cancer cases.

By this roundabout legal reasoning, drugs which would otherwise be in the clear because their labels contain no exaggerated claims are now brought under FDA jurisdiction because of their advertising.

FDA holds that the advertising of a distributor, as well as that of a manufacturer, may have the effect of misbranding an otherwise legal product if it goes too far beyond the claims made on the label. In this situation, regulatory action is confined to that quantity of the product in the control of the distributor, but seizure, criminal prosecution, or injunction proceedings can be brought.

STARTING THEM YOUNG

The Punch and Judy Shop, swank infants' and children's specialty shop in Chicago's Congress Hotel, is taking orders for monogrammed diapers for the new heir or heiress. Cost per dozen is \$24. (Diapers without monograms retail around \$2.50 a dozen in most stores.)

Hand-embroidered monograms, in either pink or blue on the usual white birdseye cotton, are placed either in the center back or across one corner, as the customer specifies. Earliest delivery date is January, 1947, because of the shortage of birdseye cotton. The shop reports sales so far have been good. Best customers: doting grandmothers.



Light from two Dazors converges at the critical point of work on a precision jig boring machine (Omar Tool & Machine Co.).



With Dazor light of the desired quantity and quality directed (without waste) where needed, this operator makes her Singer sing.



The Dazor and a Remington Rand Bookkeeping Machine here team up for the speed and accuracy demanded in modern accounting.

Lighting... Individually Fitted.. **DAZOR ALONE Floats!**



Pan American Airways technician overhauling a Flux Gate Compass.

YOU think of a *floating* object as something which moves, glides or drifts in any direction with effortless ease... a mental picture which fits perfectly the freedom of movement you find in a Dazor *Floating Lamp*.

With the Dazor you can concentrate glareless, shadowless light of high intensity on any horizontal or vertical work area. With the tips of your fingers you *float* it where needed—fit it to your seeing needs. When positioned, the lamp is firmly and auto-

matically held in suspension by a patented enclosed spring force. It *stays put* without locking, tightening or "friction" holding. Dazor alone floats!

In your plant and office are vital tasks which demand fast, accurate, comfortable seeing: Drafting, design engineering, precise machining, fine assembly, inspection, tests, repairs, accounting and bookkeeping... where specialized Dazor lighting will help increase and improve work output—save you money.

Phone Your Dazor Distributor

... for any additional information desired. A better idea, ask him to demonstrate the advantages of Dazor lighting under actual working conditions. For your distributor's name, if unknown to you, write to the Dazor Manufacturing Corp., 4483 Duncan Ave., St. Louis 10, Mo.

IN CANADA address inquiries to Amalgamated Electric Corporation Limited, Toronto 6, Ont.

CHOICE OF 4 BASES



DAZOR *Floating* LAMPS

FLUORESCENT and INCANDESCENT

IVOR B. CLARK, INC.

Private Financing
for Corporations

MORTGAGES
DEBENTURES
EQUITIES

Net-leased Properties Purchased

D. BRUCE MacINNIS, Vice President
Industrial
155 East 44th Street, New York 17



It attests to quality

It provides continuous check on product

It has public acceptance

It assures the buyer that the manufacturer exerts effort to supply a standard product

*A new folder
Certification that is valid
explains this in full.*

Electrical Testing Laboratories, Inc.
2 East End Ave. at 79th St. • New York 21, N.Y.

FINANCE (THE MARKETS—PAGE 118)

Tired of Railroading?

As Young-Kirby combine contents itself with only slim control of Alleghany Corp., and in turn of C. & O., Wall Street wonders what greener pastures the pair of financiers will seek.

Have Robert R. Young and Allan P. Kirby finally become discouraged over the railroad outlook? Are they now planning to change their rail holding company, Alleghany Corp., into a full-fledged investment trust? Or did they decide some time back to cash in gradually on their successful Alleghany venture and later turn Young's profit-making abilities loose in other fields?

These are questions Wall Street (grown very Young-conscious over the last decade) has been mulling over for some time. They are not the outgrowth of mere pipe dreams. The Street can easily find some very convincing straws in the wind to back up the conjecturing under way lately.

• **Big C.&O. Block Sold**—Latest in the long string of events causing gossip about the future course of operations of the Young-Kirby combine popped up about a month ago. Alleghany revealed that it was "shopping around" to see what it could get for 100,000 to 200,000 shares of its Chesapeake & Ohio Ry. holdings which it had decided to sell in order to diversify its security portfolio further.

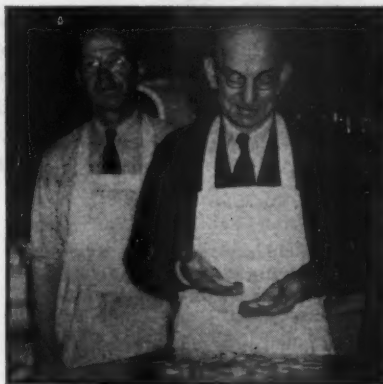
Market conditions prevented a sale at that time. Last week, however, witnessed the disposal of 100,000 of C.&O. shares by way of a "secondary offering."

Following as it did the sale of 85,000 such shares in 1943, another 704,121 in 1944, and the conversion of Alleghany notes by holders into 533,940 additional shares in 1945, last week's transaction actually reduced such Alleghany holdings to only 506,634 shares, or 6.6% of all capital stock that C.&O. now has outstanding.

• **Sales of Alleghany Stock**—Previously there had been other events which loosened the control Kirby and Young maintained in Alleghany Corp. through direct stock interest.

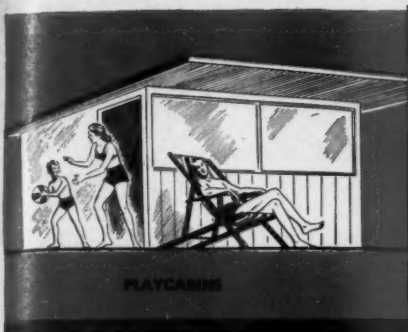
Last fall (BW—Nov. 17 '45, p. 75), for example, Kirby, long the moneyed partner in Young's ventures, suddenly sold to the public over half of his once-formidable block of Alleghany common. This was necessary, Kirby stated, to diversify his investment portfolio "in fairness to my family" (BW—Nov. 17 '45, p. 75).

A few months later (BW—Mar. 30 '46,

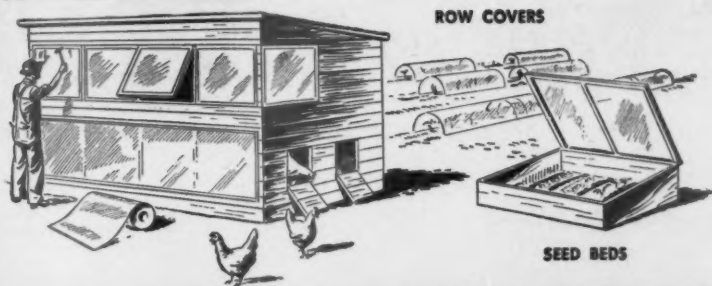


COIN THAT PROVED WORTH ITS WEIGHT

In rural Princeton, Ill., town fathers had a deaf ear for Roger J. Piper's pleas for municipal services for his farm implement plant. It was implied that Princeton had no industrial future. Piper (right) set out to prove otherwise. To dramatize an industrial payroll's impact on a community, he had his employees paid off in silver dollars, the jangle of which in groceries (left), barber shops, churches, alerted the town council. They called a meeting to consider "industrial" Princeton, and Piper's pleas for sewage and water facilities. Now the Boosters' Club proposes to improve 26 acres to attract industries.

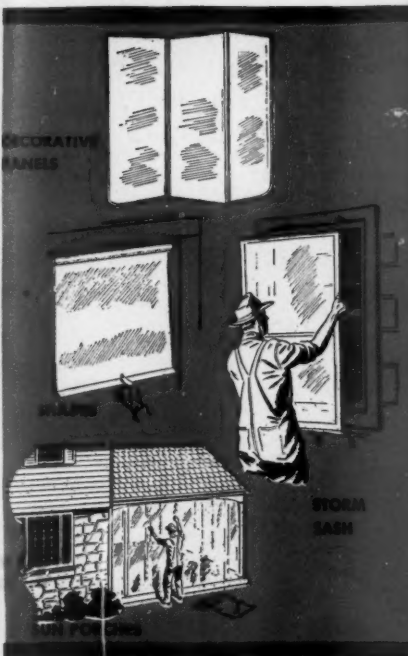


POULTRY AND FARM BUILDINGS



Here's Why..

VIMLITE can serve you



All-plastic Vimlite is a new Celanese product with many applications. It is a tough, flexible, translucent plastic made by overcoating plastic mesh with transparent plastic. With a bursting strength of 165 lbs. per square inch, it is one of the strongest all-plastic materials obtainable.

As partitioning for offices and factories, Vimlite provides both light and privacy. Translucent, it permits the construction of walls, ceilings and all types of enclosures for air conditioning and special processes without blocking light sources.

Vimlite is easy to install—simply cut the 36 inch wide roll to length with shears, and tack in place under plain or decorative wood strips. Once installed, Vimlite stays put.

AMPLE STOCKS OF PLASTIC MESH VIMLITE ARE AVAILABLE NOW!

Check with your hardware or building material supplier. If he doesn't have Plastic Mesh Vimlite in stock, send us his name and we will arrange to supply you. Celanese Plastics Corporation, a division of Celanese Corporation of America, 180 Madison Avenue, New York 16, N. Y. Dealers and commercial consumers may obtain full information from Celanese representatives listed in the telephone directories of the following cities: Los Angeles, Chicago, Detroit, Philadelphia, Dallas, Dayton, Cleveland, Leominster, St. Louis, Washington, D. C.



Because Vimlite transmits ultra-violet rays, it is also the ideal glazing for chicken houses, cold frames, greenhouses, sun porches and storm sash. It is weather resistant—impervious to rain, hail, sleet and snow. Vimlite is used for store and window displays, decorative screens, stage scenery, backgrounds, window shades, lamp shades, table mats, portable enclosures, playhouses and summer furniture. The illustrations on this page show but a few of the many uses to which Vimlite can be put.

* Reg. U.S. Pat. Off.

VIMLITE
a Celanese®
PLASTIC



Rags or Riches for America?

the next ten years will probably decide . . .



AMERICA NEEDS HOUSING — more than 3,000,000 homes right now! Yet beyond this immediate need, 20% of the occupied dwellings in the U.S. are permanently overcrowded, house more than one person per room. Add to that these facts: 21% of U. S. homes have no electricity; 31% of U. S. homes have no running water.



AMERICA NEEDS TRANSPORTATION — to handle the nation's 1947 traffic in goods and people. It is estimated that America's railroads could use 40,000 new freight cars, 6,000 new sleeping cars and 1,000 new locomotives. And that's not all: approximately 3,000,000 trucks and buses are needed today in the U. S.



AMERICA NEEDS CLOTHING AND TEXTILES — in addition to the current demand for 30,000,000 suits, more than 500,000,000 pairs of women's stockings. Nationwide surveys show that among all economic groups there is an average shortage of 42% in such important items as wide sheeting, inexpensive house dresses, boy's overalls.



THE GREATEST U. S. NEED is more production — from each individual worker! American low prices, high wages, higher standards of living can be traced to one fact: America's industrial output of goods per man hour rises at the rate of 50% every ten years. This is the formula that keeps America busy.

How Can America Get What It Needs?

The answer is *produce more!* Production machines hold the key to producing all that America needs. Management must further awaken to the fact that efficient production machines mean lower costs; labor must recognize that full utilization of fine production machines results in lower prices, higher wages. Now is the time for the application of modern, new machine tools in place of high cost, obsolescent equipment — the full utilization of manpower in productive new methods and processes. This is the formula that spells opportunity — that makes possible the low prices, more jobs, higher standards of living everybody wants.



p68)
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p68), Young and Kirby and an Alleghany subsidiary, plus interests associated with the Cleveland investment banking house of Otis & Co., acquired effective working control of Central States Electric Corp., an investment trust still facing reorganization. This was done through a stock-purchase deal which resulted in the transfer of 120,000 shares of Young's holdings of Alleghany common into "outside" hands.

• **Real Control Doubtful**—Before these transactions took place the Young-Kirby combine owned approximately 21% of all Alleghany's outstanding common shares. This interest has probably been whittled down to only 12%.

Thus, the present Young-Kirby interest in Alleghany appears to represent only an uncertain control in the event of any future difference of opinion among major Alleghany stockholders. And Alleghany's own current "stock

control" of the C.&O. could readily prove to be as dubious if a strong stockholder group should question Young's domination of that road's affairs.

• **Present Program**—As C.&O. chairman, Young is now engaged in bringing about a merger of that line and the C.&O.-controlled Pere Marquette system. Success seems likely, since approval was recently recommended to the Interstate Commerce Commission by the commission's Bureau of Finance.

Also, Young is now trying to persuade the ICC to dismiss the application of a large railroad group for permission to acquire the Pullman sleeping car business. If unsuccessful in this effort, he hopes the Supreme Court (BW-Mar.9'46,p7) may finally reverse a lower court decision against him and approve his offer to take over the sleepers.

• **Disappointed**—But Wall Street, right-ly or wrongly, thinks the railroad field

FOR INDUSTRIALISTS IN SEARCH OF A SITE

Panther Valley in Pennsylvania offers a wealth of natural advantages.

LABOR—An abundant supply of high-grade workers skilled and unskilled . . .

POWER—Enough for any enterprise—low-cost steam coal and electricity . . .

WATER—Soft and pure—from mountain areas . . .

SITES—Locations up to 80 acres—close by rail routes . . .

TRANSPORTATION—Rail and trucking lines that can take your products anywhere . . .

FINANCIAL AID—Unusually helpful plans for building, buying, leasing . . .

More than 45,000,000 consumers live within 200 miles of Panther Valley, New York, 117 miles away—Philadelphia, only 98.

The Panther Valley Industrial Commission, Inc.
Lansford, Pennsylvania

Write for information brochure
— **PANTHER VALLEY** Opportunities for New Industries.



The Blue Chips—Their Postwar Course

"Blue chip" is a poker term Wall Street borrowed to describe certain stocks—usually well-known, active issues with wide appeal—which possess inherent investment characteristics, enjoy a high degree of popular esteem, and normally command above-average prices, in relation both to their earning power and to the market generally.

Obviously, since "high income" and "safety of principal" don't necessarily go together, blue chips normally offer buyers few interesting future possibilities where capital gains on a percentage basis are concerned. At times, however, they have been known to move. And, as revealed in the table below, many blue chips

have been almost as volatile since V-J Day as the market as a whole.

For example, there is normally staid Eastman Kodak. Since the Japanese quit, that issue has zoomed up \$58 in price, dropped \$63, and then rallied \$15. Du Pont, for another, has consecutively experienced a \$62 rise, a \$66 plunge, and a \$13 recovery. Union Pacific common shot up 34%, nose-dived some 34%, and staged a 15% rally.

The bull and bear markets since V-J Day aren't solely responsible for the postwar volatility of many of the blue chips. Thin markets can be accorded their share of the blame; unfortunately, they have proved just as potent on the downside as the upside.

	Approx. Wartime Close	The Postwar Showing			% Change Since V-J Day
		High	Low	Mid-Nov. 1946	
Allied Chemical & Dye.....	\$163	\$212	\$154	\$163	0
American Tel. & Tel.....	179	200	164	165	-7.8%
C.C.C. & St. L. Ry.....	175 Bid	205	178	160 Bid	0
Coca Cola Co.....	142	200	130	142	0
Dow Chemical.....	135	192	143	157	+16.3
du Pont.....	165	227	161	174	+5.5%
Eastman Kodak.....	175	263	200	215	+22.9
Mahoning Coal R.R.....	440	526	520	395 Bid	0
New York & Harlem R.R.....	194	325	250	500 Asked	+35.1
Norfolk & Western.....	240	288	225	240 Bid	-2.9
Singer Mfg. Co.....	326	374	230	285 Asked	-23.3
Union Pacific.....	125	168	110	126	0
Vulcan Detinning.....	151 Bid	170	130	130 Bid	-13.9
				145 Asked	
Over-all Weekly Indexes					
S. & P.'s Industrials.....	116.6	163.2	121.1	125.6	+7.7
S. & P.'s Railroads.....	132.6	168.8	104.0	115.5	-13.0

* Little or no change.

Where no actual sale price is available for mid-November, a quotation halfway between the bid and asked prices is used to compute the postwar percentage change.

Speed Sweep WITH A BACK OF STEEL



Makes Light Work Out of Tough Sweeping Jobs

Steel back of Speed Sweep brushes is the basis of unique construction for faster, easier, better sweeping. Block is $\frac{1}{2}$ usual size—easier to handle. Tufts of longer, better fibres are more compact—provide "spring and snap" action. Handle instantly adjustable to height of sweeper—reduces fatigue and strain. Speed Sweep brushes are built to outlast ordinary brushes 3 to 1.

FULLY GUARANTEED

Speed Sweep brushes have proved their superiority in many thousands of factories under varied conditions. They are unconditionally guaranteed to meet your requirements. Write for styles, sizes, and prices today.

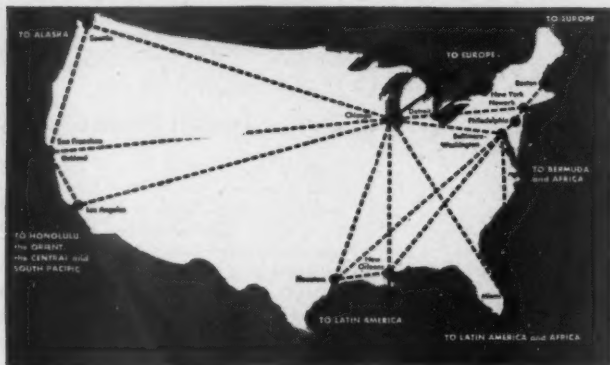
Milwaukee Dustless
BRUSH COMPANY
528 N. 22nd St. Milwaukee 3, Wis.

COAST-*to*-COAST...NONSTOP...*SLEEPER TRAVEL!*

PAN AMERICAN Pioneers Again



BEDS ARE WIDE AND COMFORTABLE... in the "Clipper Flying Cloud" and her sister ships... six inches wider than a "lower" in a standard sleeping car! Soft, resilient mattresses... special air-conditioning assure sleeping comfort. You can really *rest* on overnight flights, and arrive at your destination feeling fit and fully refreshed.



A PIONEER COMES HOME! In line with the Government's post-war policy which permitted U. S. domestic airlines to operate abroad and which would permit the pioneer overseas system to operate domestically, Pan American ordered revolutionary aircraft never before available. Thus Pan American will be able to provide high-speed, nonstop service between distant cities within the United States. This map shows the proposed routes which will bring to the domestic field the "know-how," the trained personnel, and the competitive spirit which has helped Pan American win first place for America in the international field.



MODERN DRESSING ROOMS. Here is a view of the men's dressing room—comfortable, and completely equipped. Ladies' lounge (not shown) has two well-mirrored make-up compartments.

PAN AMERICAN



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Preview of the Great New "CLIPPER FLYING CLOUD"—first of a fleet of twin-decked Clippers—to enter service next year as America's largest, roomiest airliner.

Last month . . . Pan American made air transport history by giving a preview of revolutionary new long-range schedules to be made possible by the world's FASTEST airliner.

Now . . . Pan American offers for 1947—Nonstop, Overnight, Coast-to-Coast, Flying Schedules—with "Featherbed" Sleeping Comfort on America's LARGEST airliner.



A ROOMY LOUNGE. A feature of these new, twin-decked Clippers, which all passengers will welcome, is a pleasant roomy lounge, reached by its own spiral staircase. Here refreshments will be served during Clipper flight.

Only Pan American can offer you BOTH!

Next year, assuming authorization is obtained from the Civil Aeronautics Board, Pan American will put into operation not one, but *two* types of revolutionary aircraft . . . The 430 mile-an-hour "Clipper Rainbow" and the giant 340 mile-an-hour twin-decked "Clipper Flying Cloud," with their great fleet of sister ships.

By day, you can travel in lounging-chair comfort at pursuit-plane speeds (fastest ever offered in commercial flying) and wing your way Eastbound across the continent in as little as *five hours*! Or, you can enjoy the restfulness of "Featherbed" sleeping comfort on overnight schedules, traveling in roomy, luxuriously equipped "sleeper" planes.

Pan American was *first* to place orders for these ultramodern airliners . . . will be *first* to receive them . . . and *first* to offer to the American public this combination of high-speed and "sleeper" service.

Passenger schedules at pursuit-plane speeds



WORLD AIRWAYS

The System of the Flying Clippers

THE "CLIPPER RAINBOW" and her sister ships will offer truly revolutionary long-range schedules, made possible by their 430 mile-an-hour speed. For instance, you can leave New York at 8:00 after breakfast and arrive in Los Angeles, Seattle, or San Francisco for a luncheon date at 1:15 Pacific Coast Time. From New York you can be in Miami in three hours, New Orleans in three and a half hours, or Houston in four.

This is under no circumstances to be construed as an offering of these securities for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such securities. The offer is made only by means of the Prospectus.

NEW ISSUE

November 13, 1946

\$25,000,000

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3½% Series Due 1966

Dated November 1, 1946

Due November 1, 1966

Price 100% and accrued interest

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(SOMETIMES MORE)



BEAT paper shortages and get better looking forms, manuals, house organs, sales letters! Vari-Typer, the Office Composing Machine, gets twice as much wording on a page, as any standard office typewriter. That means you need half as much paper and you get big savings in stencils, ink, collating time!

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Since any competent typist can operate Vari-Typer she can switch from space-saving condensed types ... to bold or italic ... to special technical types ... to foreign language types of many styles.

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generally has lost much of its former attraction for Young.

He is known to be keenly disappointed over defeat of his recent efforts to merge all members of the C.&O. family into one big eastern trunk line, rather than the C.&O. and Pere Marquette alone.

Also, observers remember Young's statement that he would be willing to give up Alleghany entirely if permitted to take over the sleeping car business.

And the Street has noted that Alleghany over recent months has disposed of most of its large portfolio of miscellaneous defaulted rail bonds—at a profit of around \$2,300,000.

• **Pushes Utility Hearing**—Those who think that Young is about to switch from the railroad field cite his current effort at Richmond, Va., to have the court reorganization proceedings now hampering the Central States Electric Corp. dismissed on the grounds that the company is solvent. He contends that by utilization of its cash resources the company is now in a position to remedy the defaults which originally placed it under the court's protection.

The Young group declares it has already formulated a readjustment plan for the company that has been approved informally by all committees representing Central States security holders. Only Central States' trustees, the court has been informed, have refused to approve the proposals. These call for procurement of a \$15,000,000 bank loan and a quick subsequent retirement of all the company's outstanding debentures.

CALLING THE UNCALLABLE

Corporations whose capitalization includes noncallable preferred stock with dividends payable at the rate of 6% or 7%—outmoded in this era of easy money—are watching with interest the operation of a relatively new Pennsylvania law which, in effect, makes possible the calling of these noncallable securities.

The statute, in operation since 1941, provides that in the case of a merger approved by a majority of stockholders of all the merged companies, the rights and remedies at law or in equity of any dissident shareholder shall be limited to payment in cash of the value of his securities as determined by an appraisal.

The latest company to take advantage of this opportunity is Westinghouse Electric Corp. On Dec. 5, a stockholders' meeting will vote on the proposed merger of the corporation with two wholly owned subsidiaries. If the meeting's verdict is favorable, the merged corporation will issue a new, callable 3½% preferred stock to replace Westinghouse's 7% noncallable preferred, and supply new working capital (BW—Nov. 16 '46, p. 76).

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From all sources

PERFECTED by The M. W. Kellogg Company after years of research, the SOLEXOL process—now available to industry—offers major advantages to processors of fats and oils.

SOLEXOL separates oil fractions by a method which overcomes the disadvantages of chemical or high-temperature processes. It neither destroys nor degrades any portion of the feed stock, delivering utmost yields of premium products.

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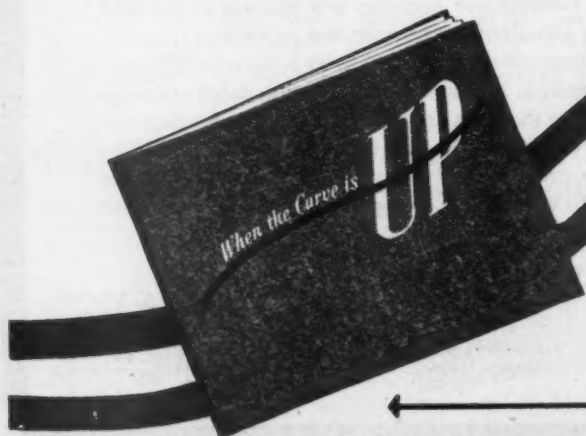


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TODAY there are two great rising curves of *costs*. They both cut deeply into the territory where *profits* live a shrinking and uncertain life, bounded on the other side by *prices*.

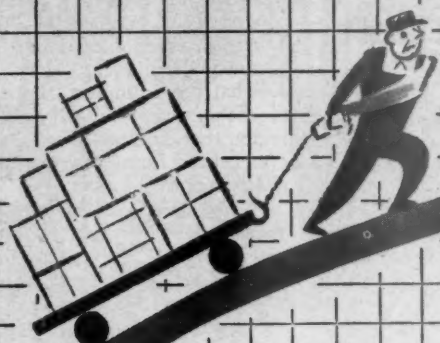
One of these curves shows the cost of *production*—materials and labor. It cannot be much affected by individual private effort. The other curve represents the costs of making a unit *sale*. We believe that almost any manufacturer can force this curve to take a downward turn and leave more room for profits . . . if he *mechanizes his selling* as he has mechanized his production.

It is axiomatic that the more steps that can be performed by high-speed, low-cost selling tools the faster your salesmen can produce finished orders. Has it ever been more important than right now to re-examine the extent to which *your* advertising is doing this job for you?



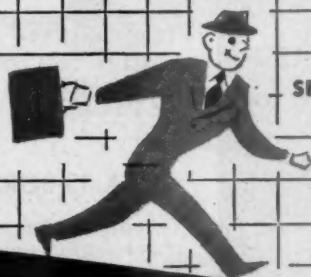
The question of whether sound advertising can assume a heavier share of the load of cutting the unit cost of sales is explored in greater detail in a new McGraw-Hill booklet, "When The Curve Is Up." Ask your McGraw-Hill man for a copy or write for it on your business stationery.

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and Mineral Markets • Engineering News-Record • Factory Management & Main-
tenance • Food Industries • Mill Supplies • McGraw-Hill Digest • Power • Product
Engineering • Science Illustrated • Textile World • The Welding Engineer

LABOR

Putting P.A.C. Together Again

Unions look for congressional crackdown to help them mend their political fences, but Washington expects legislators to be cautious about handing them a good enough issue.

Among the big jobs which C.I.O. tackled at its Atlantic City convention this week was one which no political party leader envied his labor union counterparts. The Political Action Committee had to be hoisted back into the ring.

• **Aftermath of Defeat**—The recent congressional elections handed P.A.C. what C.I.O. itself described as a "stunning defeat." For the first time in 14 years labor votes didn't land together. Candidates endorsed by P.A.C. were buried under an avalanche of opposition ballots. Its constitutional amendment campaigns all ended in failures (BW—Nov. 9'46, p5).

The landslide even swept over areas in which labor has been traditionally strong. In Wayne County, Mich., where C.I.O.'s United Auto Workers claims 250,000 members, P.A.C. activities were only slightly more successful than in less organized sections.

• **Explanations**—The answer seemed belatedly obvious. P.A.C. had swept through its early elections on the political coat-tails of the late President Roosevelt (BW—Sep. 23'44, p22). It had been carried through another by the personal appeal of the late Sidney Hillman, master strategist in labor politics. With both leaders gone, P.A.C. lost its unifying force. Despite feverish efforts at New York headquarters, it worked disjointedly at best.

To one of its supporting groups C.I.O.-P.A.C. now seemed "little more than a paper organization, limited largely to speechmaking." Thus said the left-leaning National Maritime Union in its analysis of "the extent of the reactionary victory." And similar complaints from other unions studded the convention floor discussions of why labor political action had failed this time.

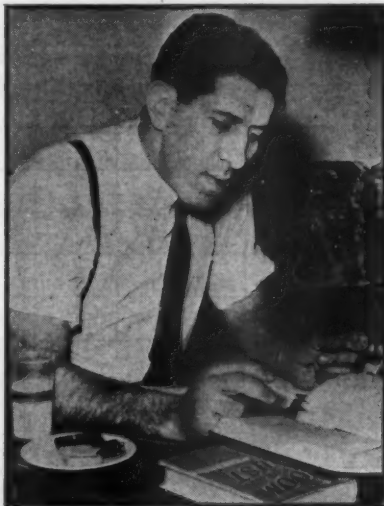
• **But "No Halt"**—The official reply was that P.A.C. "will intensify and expand its activity. There will be no halt in our work. There will be no retrenchment." For Jack Kroll, who succeeded Hillman as director, the word was, "Get on with the job . . . for which we have just begun to fight."

Calls for a third party—principally from Socialist-minded segments of C.I.O.—were not yet taken seriously. Despite some talk of bitter disappoint-

ment with the Democratic Party, criticism of the Truman Administration was deliberately avoided. Leaders cautiously said that, at least for the present, P.A.C. and its allied groups should work within the framework of the existing parties.

There was little doubt that that meant "within the framework of the Democratic Party."

• **Aimed at Congress**—While it attempts to mend its fences by "day-to-day activity in wards and precincts"—a job by itself, in the opinion of allied political leaders who face the same sort of task in rebuilding battered party machines—P.A.C. has set another big goal. It is heading for a defensive program



PRESTIGE FOR FIGURES

Robert Nathan, now a Washington business consultant, recently took on his first union client—C.I.O.'s United Steelworkers. The union, planning to gear mid-January wage demands to the rising cost-of-living, asked Nathan for a wage-price-profit analysis, with special attention to the steel industry. Objective: bargaining figures backed by the prestige of the former deputy director of reconversion and one-time chief of the U. S. Commerce Dept.'s national income division.

in Congress to "preserve the rights won by labor and the people during the Roosevelt era."

At the Atlantic City convention, P.A.C. leaders swung their fight against what they talked up as a Republican congressional program to curb union practices which have come to be regarded as labor's legal rights.

• **What Washington Expects**—However, there was strong doubt in Washington that much of this program would ever get a serious congressional hearing (BW—Nov. 16'46, p5).

A lot depends on the outcome of the government's struggle with John L. Lewis (page 5) and on the strike situation in the next several months. Congress is not expected to get excited about restrictive action unless some big and bad strikes develop. In that case the White House could expect to receive a tough batch of labor bills from the legislators. Otherwise, Washington will look only for some selected amendments, not enough to make labor really mad.

Such proposals as that by Sen. Joseph Ball for a closed-shop ban are believed to be moving toward a sidetrack. To the new congressional leaders, labor's voting strength is still important and, if again unified, might again determine a presidential race.

• **Strategy**—So congressional advisers are urging upon the majority a firm but conciliatory attitude toward labor, unless union militance forces a fight. They would give labor politicians the fewest possible crucial issues on which to rebuild P.A.C. for battle alongside the Democrats on the comeback trail in 1948.

C.W.A. IS BORN

Formation of a new, unified telephone workers union, designated as the Communications Workers of America, has been formally approved at a convention of the loosely knit National Federation of Telephone Workers (BW—Jul. 27'46, p92).

After C.W.A.'s constitution has been ratified by the 47 unions affiliated with the independent N.F.T.W., probably by mid-1947, the union will replace the federation as representative of an estimated 300,000 persons (200,000 members). Unlike the N.F.T.W., which functions as a coordinating agency for affiliated autonomous unions, the C.W.A. will be a full-fledged independent labor union.

Jurisdiction, as outlined in the proposed new constitution, will cover all branches of communications, extending beyond the N.F.T.W.'s present field in the telephone industry to the allied fields of radio and telegraphic communication. In these it will compete against C.I.O.'s American Com-



"Better Trains follow Better Locomotives"

ARRIVED FRESH AS A DAISY =

You would think she had just stepped out of a magazine cover. She's so lovely, so fresh, so tidy. Yet this young lady has just completed a thousand-mile journey by rail.

That she made her trip behind a General Motors Diesel locomotive, in the elegance of a modern de luxe coach, explains her crisp, well-laundered look.

For these smooth-pulling locomotives and the luxury-comforts of the modern coaches they originally inspired—contribute to make a long trip restful, unruffled and clean.

When GM Diesels ushered in the streamline

era they lifted the level of virtually all travel. They added lure to joyous journeys over singing steel. To the haulage of modern freight loads they brought efficiencies which are truly revolutionary.

Outstanding as GM Diesels are today, they also set the pace for the new tomorrow. For they furnish the most essential and forward-moving element for the coming new day in railroading.

Their amazing operating and maintenance economies point the way to further modernization. And thus will benefit the entire nation, the public, the investor and the railroads themselves.



ELECTRO-MOTIVE DIVISION
GENERAL MOTORS

11 GRANGE, ILL.

How wooden pipes saved a city



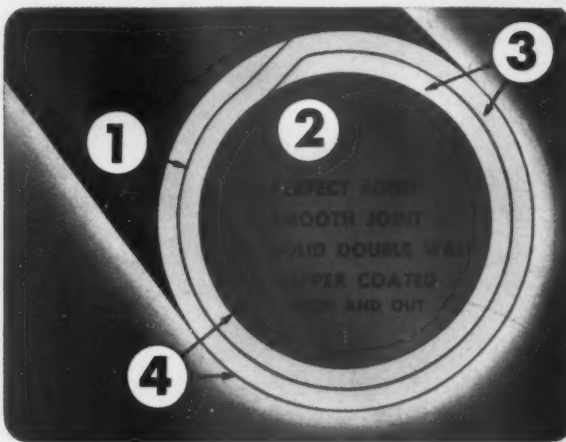
1. WHEN YELLOW FEVER swept New York City in 1798, killing hundreds of people, the epidemic was traced to polluted water. Alexander Hamilton and Aaron Burr rallied citizens to form The Manhattan Company and build a water system—a "life line" to provide an uncontaminated supply.



2. PINE LOGS, bored and laid end to end, piped water from wells to homes, where lead lines tapped the mains. This was New York's first water system, a "life line" that ended yellow fever. Today, Bundyweld Tubing is an industrial "life line." It pipes fluids and gases in hundreds of products.



3. NOW PURE WATER flows freely from coolers using Bundyweld for condensers. Other uses include lines for fuel, oil, vacuums and hydraulic fluids in motor cars, refrigerants in cooling units, gas in modern ranges. Exclusive production methods give Bundyweld marked superiority.



4. BUNDYWELD is different from other forms of tubing because it has a solid, double steel wall, copper brazed throughout and copper coated inside and out. It is free from scale, closely held to dimensions, easily fabricated. Experts call it the outstanding tubing improvement of the century.

5. ENGINEERS AND product designers rely on Bundyweld. They use it in countless modern products—in everything from cars, trucks and tractors to gas ranges and refrigerators. Let Bundy Research and Engineering Departments show you how Bundy Tubing can aid your product. Also available in Monel and nickel. *Bundy Tubing Co., Detroit 14, Michigan.*



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munications Assn. and United Electrical Workers, and A.F.L.'s Bro. of Electrical Workers and Commercial Telegraphers.

Several months ago, N.F.T.W. considered invitations to affiliate with either C.I.O. or A.F.L., but turned them down. Now, with its bargaining position strengthened by reorganization into one centrally directed union, the N.F.T.W. (as the C.W.A.) may reconsider its bid from C.I.O. after next July.

Printing Problem

Industry fears that it will be priced out of market by rising labor costs. I.T.U. contract settlements are shaping up.

Fears that higher costs may force printing into the luxury class have been expressed in the trade. Basis for this forecast are the wage increases which resulted from International Typographical Union (A.F.L.) strike threats in Chicago and Washington. These were key points in an I.T.U. wage drive (BW—Sep. 28 '46, p92).

• **Startling Demands**—Woodruff Randolph, I.T.U. president, shocked the industry's management offices four months ago with startling wage demands. These went as high as 75%



Cyrus L. MacKinnon, general manager of the Franklin Assn. (Chicago's commercial printing employers), at midweek was maintaining the association's fight against A.F.L. printers' demands. But pressure was high after a union-newspaper settlement.

increases, to \$100 and \$135 a week. A list of "minor" demands included a reduction in work-week from 37½ hours to 30 hours.

Management agreed that the demands were made intentionally high, for bargaining purposes. The question was just where Randolph would agree to settle.

• **Settlement Pattern**—Recently several significant contract settlements set the pattern for new printing negotiations: • In Chicago, newspaper publishers and the I.T.U. agreed on a \$2.36 hourly rate for day shifts. This represents a 28¢-an-hour raise, or \$10 more on a weekly basis. A dispute between I.T.U. and the Franklin Assn. of Chicago (commercial printers) was still deadlocked at midweek. Management last offered \$1.97½ an hour. I.T.U.'s demand was \$2.36, which would wipe out an old differential between newspaper and commercial rates.

• In Washington, newspaper publishers and the union agreed on a 37¢-an-hour wage increase, from a \$1.83 base rate to \$2.20. The raise amounts to \$13 more for the 35-hour work-week.

• In Boston, I.T.U. and newspaper publishers accepted a \$13.50-a-week settlement suggested by international officers of I.T.U.

• In Columbus, Ga., a newspaper strike was settled with a 32¢ hourly raise, equal to \$12 a week.

• In Cleveland, publishers and I.T.U. compromised on a \$10 weekly increase. The day shift rate rose from \$71.20 to \$81.20.

In all negotiations, side demands were sidetracked to put emphasis on the wage fight. Notably, in Washington I.T.U. dropped cold—for the time being—a flat demand for jurisdiction over all printing shop employees. This demand would have stepped hard on other A.F.L. union toes.

• **Other Raises Likely**—But even the compromised wage increases had printing employers deeply concerned this week. An estimated 65% of the net sales price of printed publications is represented by wage costs. This compares with a Federal Trade Commission estimate of 24% for an 86-industry cross-section. About 38% of the sales price of commercial printing as a whole is attributed to wages.

Traditionally, any change in I.T.U. wage rates soon is reflected in rises in other publishing pay checks. As a result, printing employers are grimly looking at the I.T.U. raises on a plant-wide basis.

• **Productivity Drop**—While wages have increased, the industry asserts productivity has slumped about 11% from 1939 levels.

Costs were further inflated by a lack of printers. In large measure this shortage was attributed to union limitations

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on new recruits for their trade. These restrictions forced overtime payments to a new high for the industry in 1945.

• **Forecasts Higher Costs**—Oscar Whitehouse, head of the union employers' section of the Printing Industry of America, Inc., recently warned of higher costs ahead. He predicted "more mimeographing, more multilithing, and less purchasing of the industry's products."

Similar warning was recently given by the P. I. A. president, James F. Newcomb.

"New forms of reproduction are already growing in use," he said, "on equipment, that is no more versatile and no more efficient, and which has as its sole advantage that its operators are nonunion and less skilled."

• **Big Strike Fund**—However, I. T. U. pointed to publishing profit figures and to rising cost-of-living index levels to justify its wage fight, pressed new demands for increases in New York City and other important publishing centers.

To show its militant backing, it announced members ratified assessment of a \$1,000,000-a-year "defense" or strike fund. The union will pay weekly benefits amounting to 60% of the weekly wage scale for married strikers. Single members will get 40%.

BONUS MELON RIPENING

Plans were advanced this week for distribution in December of the first plant-wide production bonus in automotive industry, under terms of Kaiser-Frazer's contract with the C.I.O., United Auto Workers (BW—Jan. 19'46, p88). Meanwhile, U. A. W. and the company formally opened negotiations on a new contract which would raise wages, continue the bonus, and give the union jurisdiction over clerical and engineering personnel.

The Kaiser-Frazer contract with U. A. W. last spring called for a "Security Trust Fund." The company is required to deposit \$5 in it for each automobile produced up to Dec. 1. After a slow start, the fund spurted upward recently as production mounted at the company's Willow Run plant. The company estimates that by distribution time, Dec. 20, it will have placed \$50,000 or more in the fund.

This will be paid out to about 3,500 eligible employees of the 5,400 hourly rated workers on the payroll. Those eligible must be on the payroll Dec. 20, must have worked at least 90 days before that date, must have worked 90% of the hours scheduled during their tenure of employment, and cannot have participated in any work stoppage in violation of the company-union agreement.

The \$50,000 melon will be divided in direct proportion to the number of hours worked by each eligible employee.

WHAT EVERY BUSINESSMAN SHOULD KNOW ABOUT HIS PARTNER—THE RAILROADS



We wish it were this easy!

If you know a magician who specializes in freight cars, please tell him he's wanted by the railroads! The unprecedented demand for cars to move this year's record-breaking grain and other crops still continues—other demands for cars are considerably greater than a year ago. As a result there just aren't quite enough cars to go around.

You see, wartime service took a heavy toll of freight cars, while wartime re-

strictions made it impossible to get all the new cars we needed. Railroads have 50,000 new cars on order, but shortages of materials and disturbances in production have held up deliveries. We still haven't enough new cars to replace those worn out carrying wartime traffic.

Railroads are calling upon all their experience to speed up the handling of cars and the movement of trains. They have been moving about 150,000 loaded

cars a day—furnishing 90% of the freight cars ordered.

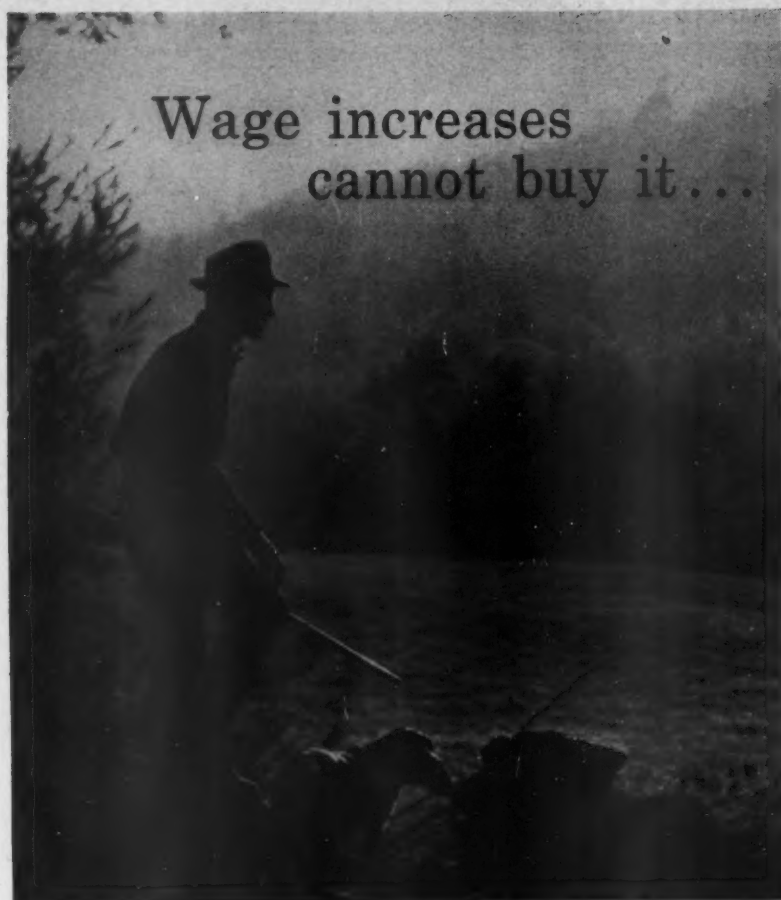
Industries are helping to meet this serious situation by re-establishing the wartime practice of loading and unloading freight cars promptly—six full days every week.

Working together in this way, the railroads and the shippers will surely be able to meet the transportation needs of the nation.

ASSOCIATION OF **AMERICAN RAILROADS** WASHINGTON D. C.



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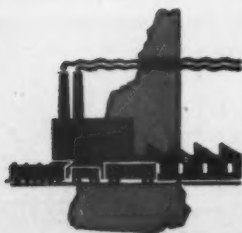
Wage increases
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But New Hampshire has it in abundance!

To industry, New Hampshire offers something that dollars alone cannot buy... the priceless commodity of near perfect environment. New Hampshire's manufacturing locations are in one of the world's most beautiful recreational areas where an industrious people find the true meaning of contentment. This means constructive, satisfied employment... a condition that favors produc-

tion and reduces the problems of management.

In addition to being a good place to live, New Hampshire enjoys the greatest stability of income in the nation. Low power rates, proximity to mass markets and a highway system of year-round excellence—these further emphasize New Hampshire's excellence as a location for small and medium sized industry.



SEND for your copy of the informative booklet, "A Plant in New Hampshire." Address: Edward Ellingwood, Industrial Director, 744 State Office Building.



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Incentive Service

Federal technical agency, now being strengthened, offers help in settling disputes over wage-incentive systems.

Wage increases of the last year and those coming in the near future, together with rising prices, have turned the spotlight on the productivity of industry (BW—Nov. 2'46, p16). If industry is to pay the higher wages without raising prices further or reducing profits, it must produce goods at less cost. That's simple economics.

• **Opposition of Unions**—Managements seeking to install piece rates or other types of wage incentives as a means of increasing productivity will find increasing resistance from unions, particularly the C.I.O. electrical and auto workers. These unions are on record against installation of incentive systems, and they want them eliminated where they now exist. Both of these unions, but especially the left-wing dominated electrical workers, encouraged use of incentive plans as a means of increasing war production.

But the war is over, and the union pressure is against incentives. The basis for this stand is the unions' contention that incentives were used against workers as "speed ups" in the past and the feeling that they can, and will, be used against them in the future. Thus, even where incentive systems remain in effect, unions are watching them more closely, challenging standards they regard as too tight.

• **Federal Agency Helps**—The unheralded Technical Service Branch in the U. S. Conciliation Service is quietly giving the special assistance necessary to help settle disputes of this type.

A staff of 17 industrial engineers and job specialists under William G. Brown, tall, soft-spoken former chairman of the Chicago regional war labor board, is available to management and unions on questions of wage incentives and intraplant inequities.

When called into a case by both sides, the technical service's expert only determines the facts which are in dispute in the situation, leaving it to the parties to reach a settlement on the basis of the facts.

• **Confidential Reports**—For instance, there may be a dispute over a workload, with the employee complaining that he cannot, at normal speed, produce the number of pieces required for him to earn what it may have been agreed would be a fair wage. By studying the worker on the job and making the necessary allowances for variable factors, the investigator will determine the



Gettin' dizzy?

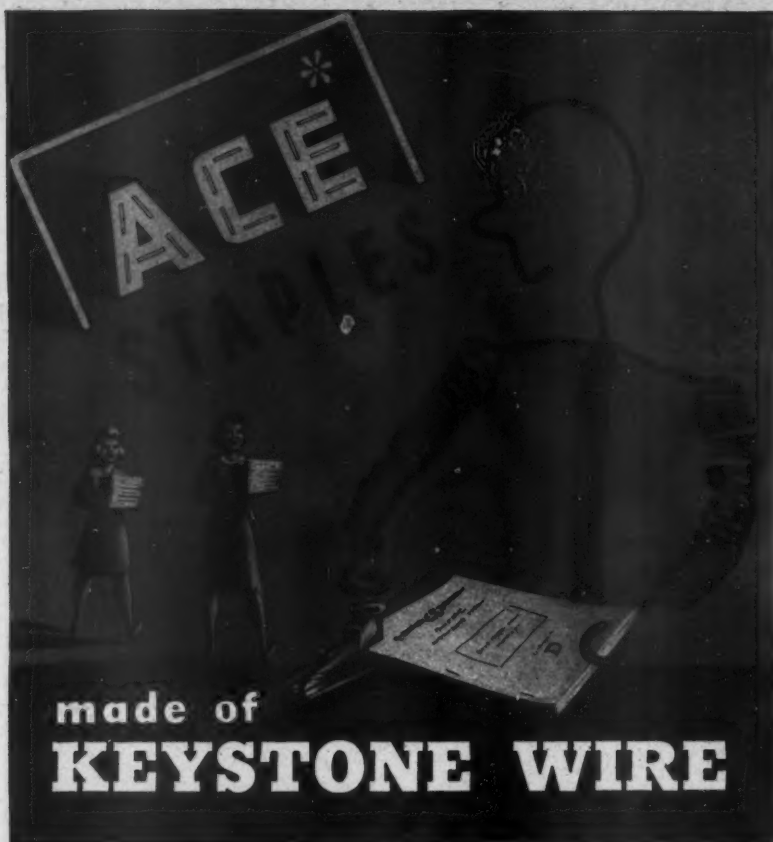
If the things you hear about stainless steel have you whirling in circles, come to Rustless. We'll turn on a steady flow of helpful, authoritative information about stainless—how to machine, forge, heat-treat, cold-work, electropolish the most economical grade for your service conditions and fabricating requirements. Stainless is not difficult to work with, only a little different. If you are puzzled about how to turn stainless into your product, for sales appeal, for long life at low maintenance—for example, in high pressure needle valves—just tap the Rustless reservoir.

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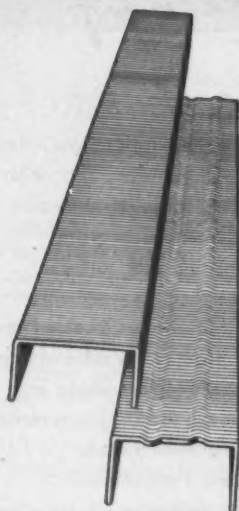
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Keystone preformed staple wire delivers these qualities in full measure. Many thousands of pounds of Keystone precision wire are used each month by the Ace Fastener Corporation, leaders in their field.

This is another example of the versatility of Keystone's research and development facilities. Whatever the wire need, Keystone can normally supply it.

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for all industrial purposes

KEYSTONE STEEL & WIRE COMPANY
PEORIA 7, ILLINOIS

number of pieces that normally should be produced in a specified time. Adjustments to be made, if any, are then determined by the disputants, using the facts presented.

The technical service treats its reports as confidential. They are not permitted to be used either as arbitration awards or for the setting of industry-wide standards.

• **To Strengthen Service**—One of the agreements that came out of last year's labor-management conference was that the Technical Service Branch be strengthened. A labor-management advisory committee was set up to guide it.

Actually, the small staff of 17 is not equipped to handle much more than the 22 cases a month now being received, which is double last year's rate. But disputants desiring assistance usually can get it after a wait of two weeks. Exception is made for urgent situations.

No Movie Peace

Attempts to settle union jurisdictional dispute come to a violent standstill. Tempers rise when nonstrikers are bombed.

Picket lines around strike-beset movie studios were quiet at midweek, but Hollywood labor peace still appeared far off. New developments increased tensions, and brought arbitration of the recurring union jurisdictional dispute to a violent standstill. Joseph Keenan, who as arbitrator is struggling to bring all factions together (BW—Nov. 9 '46, p85), was unable even to set up exploratory conferences.

• **Nonstrikers Bombed**—Events which sent tempers of the rival A.F.L. unionists to new high temperatures included: • Criminal conspiracy charges filed against Herbert K. Sorrell and 13 other officials of the striking Conference of Studio Unions;

• Bombings at homes of nonstriking members of the International Alliance of Theatrical Stage Employees;

• Goon squad threats and violence to studio and laboratory personnel who refused to join the C.S.U. strike, and reported "systematic beatings" of the C.S.U. members;

• Threats by the C.S.U. to enlist aid of friendly A.F.L. unions throughout the country to close motion picture theaters.

• **Reward Offered**—The initial bombing occurred Nov. 12 when a homemade grenade was tossed against the front of a nonstriker's house. Later, oil-filled bottles were thrown at other homes. I.A.T.S.E. inserted advertisements in a trade journal, Daily Variety, to offer \$5,000 reward for a conviction. C.S.U.



a square deal on Round Jobs

PARDON the pun—but TUBE TURNS' forge shop is especially well organized for prompt, efficient, economical mass-production on forgings of this type. Modern high-speed mechanical presses and upsetters in a wide range of capacities are closely coordinated under one roof with TUBE TURNS' own first-rate die designing, die making, laboratory, and rough machining facilities. You are assured of forgings with a maximum of *forged* tensile strength; close tolerances held to your specifications. We welcome an opportunity to check your prints and give you the benefit of any recommendations made by our engineering staff.

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**FORGINGS
FOR INDUSTRY**



Yes, there are lots of reasons why women really go for clothespins like this, made from gleaming Carpenter Stainless.

These pins really hold tight, keep the clothes on the line. No more split or broken pins... no more splinters to damage her pet pair of nylons. Plus the fact that Stainless always stays clean!

From your own standpoint, this story of Stainless clothespins shows how you can give your products the utility and sales appeal that comes with Carpenter Stainless. And you can do it equally well if your product is in the luxury class... or if it sells for less than a dime. (These clothespins retail for only 30¢ a dozen!) Ever since the days when the first Free-Machining Stainless bars and bright ductile Strip were developed in Carpenter's laboratory, we have been helping Stainless users "turn it out faster and at less cost". To put our experience to work, drop us a line.

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STAINLESS STEELS

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- Sales Appeal

BRANCHES AT: Buffalo, Chicago, Cincinnati, Cleveland, Dayton, Detroit, Hartford, Indianapolis, New York, Philadelphia, Providence, St. Louis

countered with an ad blaming foes trying to discredit its members.

Flying squads of unidentified men waylaid nonstrikers and inflicted severe beatings. One I.A.T.S.E. member was in a serious condition after a skull fracture. But, said C.S.U., it was not a one-sided affair. One of its members was blackjacked at his front door.

Nonstrikers, threatened by telephone calls and close-call getaways from flying squads, applied for revolver permits. Even as they warned "trouble-makers" of this preparedness, more bombs were thrown, and an I.A.T.S.E. charter bus was stolen and burned.

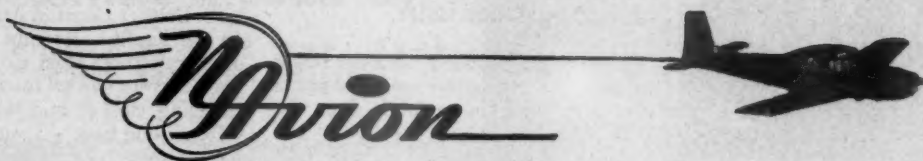
• Call for Help—Meanwhile C.S.U. announced plans to call upon A.F.L. carpenters, painters, and electricians to act against theaters of all major companies. Help would be by picket lines or by refusal to do any construction or repair work at theaters.

As new complications arose, felony charges were filed against Sorrell and other C.S.U. leaders. Complaints included conspiracy to obstruct law enforcement, refusal to disperse an unlawful assembly, and assault with a deadly weapon. All were based on mass picketing, banned by court writ but resumed last week.



A BREAK IN THE CLOUDS

Approval of an arbitration agreement last week ended a 25-day strike of A.F.L. pilots against Trans-World Airline, after one false truce collapsed. Signing the pact, which leaves unsettled issues to a three-man panel, are (seated left to right) Paul Richter, TWA vice-president, and David Behncke, union president. Looking on are Jack Frye (left), TWA president, and Judge Frank Douglass, National Mediation Board chairman, who served as conciliator. A dispute over wording upset the earlier settlement.



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Built for comfortable 500-mile flights at a high cruising speed, the four-place, all-metal *Navion* can carry a useful load of over half a ton. The baggage shown in the picture below fits easily in the *Navion*'s spacious trunk compartment. Glove and map compartments and a wide shelf provide additional space and the *Navion* has plenty of leg and elbow



room for four big people. By removing the rear seat, two persons can fly with 455 pounds of cargo. The pilot alone can carry 645 pounds in the 55 cubic foot cargo space. For further details about the *Navion*'s utility for business or pleasure... write Dept. B-7, North American Aviation, Inc., Los Angeles 45, California. Standard model, \$6,100 f.a.f.

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Almost two centuries ago, George Miller built a stately mansion on the banks of the Millbach adjoining his grist mill. Today, the structure, esteemed as an architectural masterpiece, still stands and serves as a dwelling but many of its furnishings, including the great fireplace and broad staircase, have been removed to the Philadelphia Museum of Art.

The house on the Millbach epitomizes the fine craftsmanship of Lebanon Valley people since colonial times. Today, this same skill enables the Lebanon Steel Foundry to produce alloy and steel castings of precise characteristics and intricate design. Talk over your particular needs with a Lebanon engineer.

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Portal Pay Threat

Management is alarmed by flood of suits for millions in back pay as result of court's ruling on door-to-door issue.

Management concern over the threat of suits for retroactive portal-to-portal pay, very much in evidence since the U.S. Supreme Court acted in the Mount Clemens Pottery Co. case (BW—Sep. 21'46, p94), had something new and significant to feed on this week:

Suits which may total several hundred million dollars have been threatened by Philip Murray's United Steelworkers of America (C.I.O.) against every steel company in the United States under contract with C.I.O.

• **Suit Against Inco**—One, filed in U.S. District Court against the International Nickel Co., Huntington, W. Va., probably sets the pattern. In it the union

asks retroactive pay and damages, estimated at a total of \$2,000,000, for the difference between paid shift or working time and total, or gate-to-gate, time spent on the company's premises.

• **Ruling Sought**—Almost coincidentally, the Wage & Hour Division of the U. S. Dept. of Labor last week asked the U. S. District Court in Atlanta to decide on the legality of claims by employees of the Atlantic Steel Co., Atlanta, for payments to cover time required for changing clothes and washing.

• **Bargaining Issue**—Some factors in the steel industry are inclined to regard union threats of suits covering 800,000 members in basic steel and fabricating plants as a bargaining issue for contract negotiations which will open in mid-January. At that time, lump sum retroactive portal-to-portal payments might be asked by the union in return for foregoing a substantial wage boost, as in the recent Dow Chemical settlement (BW—Nov. 2'46, p84).

Alternative to acceptance of such a proposal would be a negotiated pay in-

"Peglerized" Union Looks to Its Public Relations

The name of Joseph V. Moreschi is familiar across the country to readers of Westbrook Pegler. Moreschi, president of the Hod Carriers & Common Laborers Union (A.F.L.) since 1926, has been used by Pegler as an example of what he considers the corrupt, antisocial labor-boss type with underworld associations.

• **Counsel Hired**—It was no surprise, therefore, when the union announced at its recent convention in Chicago that it had followed the precedent set by the similarly "Peglerized" Building Service Employees Union (BW—May 27'44, p100) in engaging public relations counsel.

It was disclosed that, in 1944, the union retained Modandred Service of Washington, D. C., for an initial retainer of \$5,000, and \$1,500 a month thereafter. The contract has been extended until next September.

• **Dissent on Function**—Albert N. Dennis, former labor paper editor in Washington, who is handling the account, insists that Modandred's Service is educational, not public relations. His explanation is that the union's 1941 convention decided the membership should have more "information." The executive board, which functions during the usual five-year hiatus between conventions—and has served longer stretches when conventions were skipped (according to membership wishes, Dennis points out)—hired Modandred

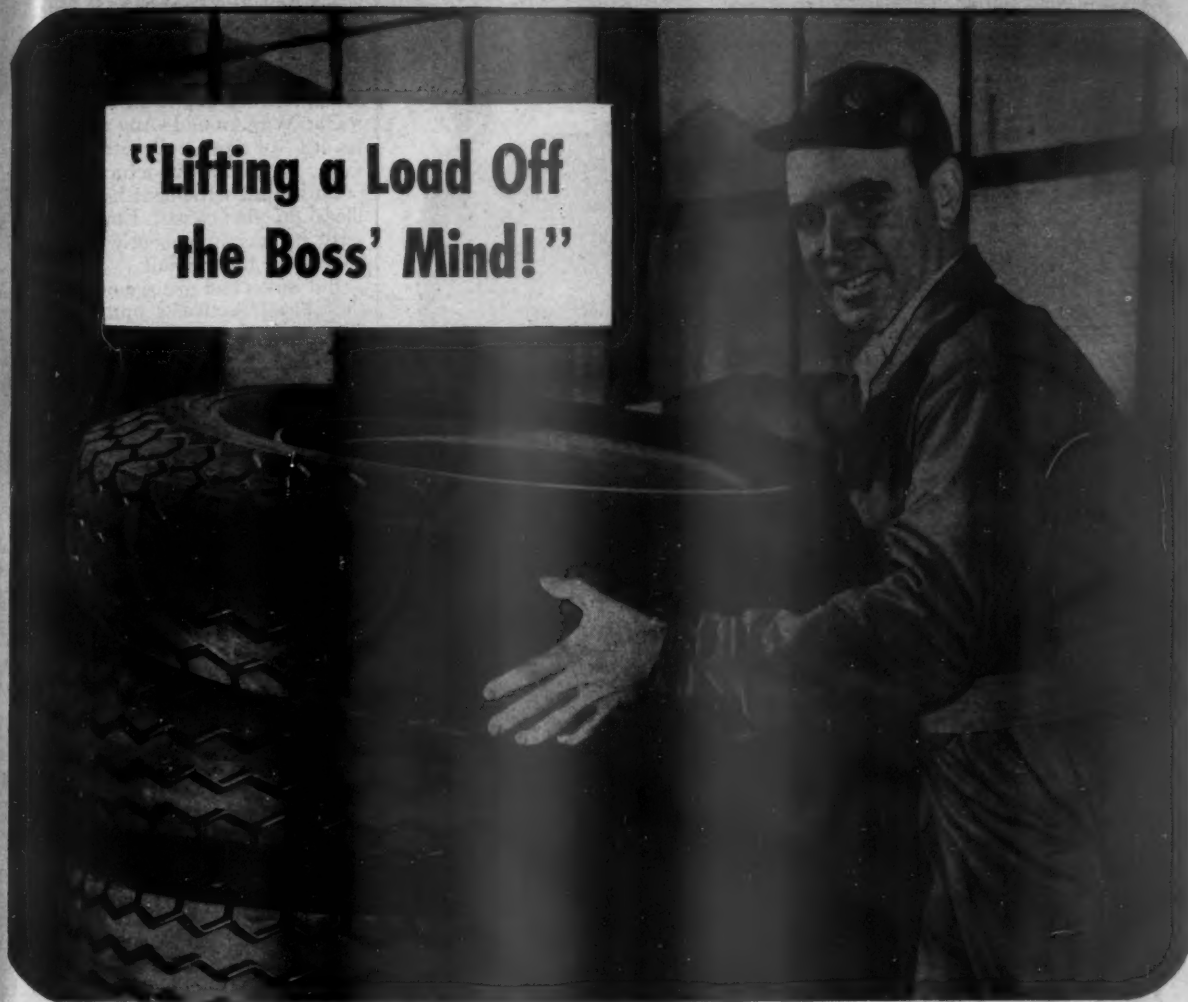
Service. Instead of press releases, Dennis says, it issues pamphlets to the membership on what's going on in the union, the labor movement, and the world in general.

The members learned two other facts at the convention. The union's general fund had \$6,540,414.94 last June, compared with \$1,477,839.25 in 1941, and average yearly membership, which reached a peak of almost 430,000 in 1942 because of the impact of war construction, has dropped to less than 210,000.



Joseph V. Moreschi

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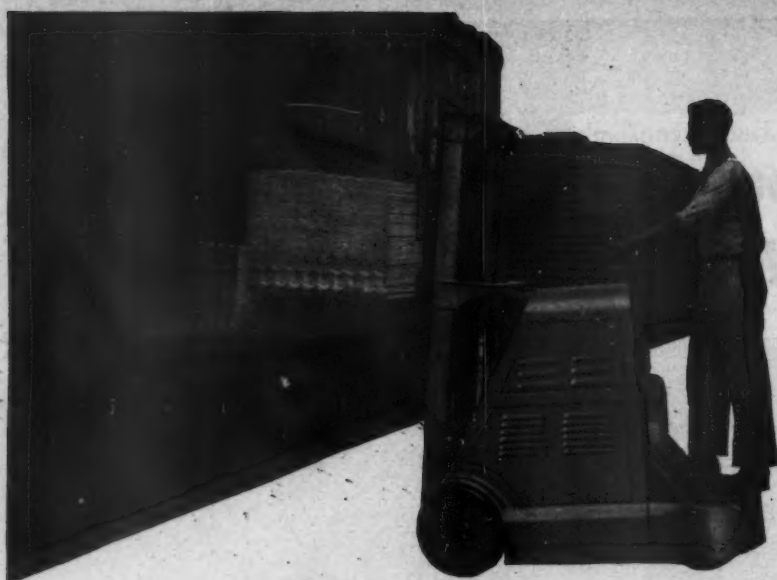
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crease, followed by suits to collect retroactive pay, at overtime rates, and damages (under the Fair Labor Standards Act employees may sue for double the actual amount due them).

• **One Way Around**—Any agreement intended to waive full retroactive back wages for workers in return for a compromise cash settlement has been ruled illegal in the courts. Employees who settle for less subsequently may sue and collect the full amount.

But union and management may gain the same objective, a mutually acceptable compromise of back claims, by negotiating an agreement on just how much time shall constitute compensable walking, dressing, or washing up time and provide pay for the full amount.

• **Little Companies Worried**—The industry's smaller employers are particularly worried about the consequences of portal-to-portal demands.

As in the case of a number of small Pacific Northwest lumber companies, which were held liable for retroactive travel time from camps to lumbering operations, small steel companies fear they may face retroactive liabilities which will exceed their total working capital.

• **Legal Remedy**—One natural result has been renewed campaigning for a federal statute of limitations on retroactive liability of employers. Such a measure, the Gwynne bill (BW—Jun. 16'45,p98; Jul.14'45,p104), failed to get through the last session of Congress. A maximum of two years' liability for back pay, or for other penalty provisions under the Fair Labor Standards Act, has been recommended.

Currently, state laws control the amount of retroactive back pay that can be sought through employee suits in the courts. These laws now range from a six-month limit (Oregon) to ten and twelve years. Suits can ask for back pay to 1938, when the Fair Labor Standards Act was passed.

• **Possible Answers**—Employers have also turned to more immediate answers to the portal-to-portal problem:

(1) The creation of reserves to cover future suits.

(2) Plant changes to cut down portal-to-portal time by relocating gates, by rescheduling shifts to include dressing time and time for preparing tools for work, and by eliminating time-clock waiting periods.

(3) Policy changes which call for elimination of rules requiring specified uniforms or working clothes not demanded by working conditions.

• **Cases to Ponder**—In studying solutions, management is finding guidance in the variety of portal-to-portal or walking time suits which already have been filed.

Typical are:
Federal Shipbuilding & Dry Dock



10 ideas for your suggestion box

Here are ten spots where you may be able to save time, save money, and eliminate errors. Why not check each of these ten departments or operations—

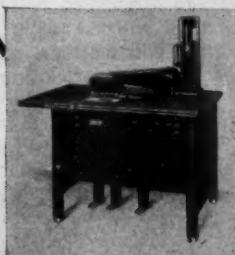
accounts payable	production
purchasing	ordering
invoicing	collections
inventory	payroll
sales	shipping

descriptions in each of these departments. Then see how much better this writing can be done the Addressograph way—not only in these departments but in many others.

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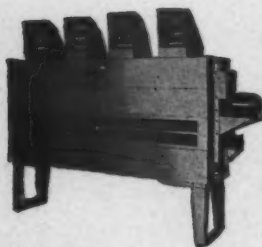
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**THE HERMAN NELSON
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FOR 40 YEARS MANUFACTURERS OF QUALITY HEATING AND VENTILATING PRODUCTS

Co.—Suit filed by 300 present and former employees, who ask an estimated \$1,000,000 in doubled overtime pay retroactive to Nov. 1, 1940, for time consumed in walking from gate to time clock, from time clock to locker room, and from locker room to work station, both at the start and at the end of the shift.

B. F. Goodrich Co.—A test suit entered in behalf of one of Goodrich's 15,000 production workers in Akron asks retroactive overtime pay and damages for "the time spent [estimated at about 25 minutes a day] entering the gates, reaching the locker room, changing clothes, getting tools, checking in, and thence to his [the worker's] respective job."

Curtiss-Wright Corp.—Approximately 1,000 former employees in St. Louis are asking for a total of \$5,151,454 which they assert, in a federal court bill of complaint, is due them for unpaid time spent on company premises going from parking lots to clothes lockers, changing clothes, and standing in line to punch time clocks.

Scullin Steel Co.—Suit by 237 former employees in St. Louis asks \$2,164,711 which they assert is due for unpaid time spent in dismantling, checking, and storing tools at the end of each shift, and for time lost when the company lacked sufficient materials.

Allied Chemical & Dye—Thirteen hundred members of District 50 in the 90-acre Buffalo plant of National Aniline have filed suit for up to 50 minutes overtime pay per workday, with liquidated damages, retroactive to Oct. 24, 1940, as payment for time spent in changing clothes and walking to work stations. Company has allowed ten minutes a day since Nov. 19, 1943, as "washing up" time, but complainants have taken the position that this represents only a small part of their lost time on the company property.

• **Even in Stores**—While initial pressure has been felt in such industries as mining, meat packing, lumbering, chemicals, and steel—in which problems of long travel time, special equipment, and protective clothing are found—the portal-to-portal issue has moved from that original field, now is found even in retail stores. R. H. Macy & Co. in New York City gives portal-to-portal pay to passenger elevator operators, cafeteria and tea room workers, floor porters, and matrons, who are allowed changing time for clothing.

Union interest in the Mount Clemens decision is shared in legal circles. "Walking time" suits would provide a field day for attorneys, and jam court dockets with a crisscross of employee litigation. That factor also will have important bearing on congressional action if the Gwynne bill, or a similar one, comes up in 1947.

6 More Good Reasons for Specifying ***"SHIP BY TRUCK"!***

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Truck drivers take pride in driving efficiently, cautiously, courteously. And this skill, coupled with trucks' natural advantages, makes trucking **SAFER, MORE ECONOMICAL.**

Ship by truck

Your goods roll on rubber with far less vibration. There's no "humping", no "switching". There's less handling, less breakage, less loss.

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Result? Lower inventory, less storage space, more turnover—higher profits. In short, greater all-round economy than any other transportation system can offer.

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Throw away your HAMMER and get a HANSEN!

Drives T-head Tacks up to 1/2" —the only Tacker that does!

TACK-splitting is not only dangerous but slow, laborious and out-of-date. So is glue. Why hand-pound or drive with forearm? Hansen, the one-hand, automatic Tacker, puts tacking, fastening, assembling on a Modern basis!

Drives T-head Tacks and two-pointed Tackpoints up to 1/2" length. Self-contained. Drives fast as you grip. Zip! zip! and the job's done! A model for every tacking or fastening purpose.

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Meat Crisis Nears

Union pushes strike plans as packing industry's big four resume negotiations on C.I.O.'s new contract demands.

Increased livestock marketing since the removal of price ceilings on meat has pleased consumers by filling display cases once again at local butcher shops. But prospects for an uninterrupted meat supply still depend on settlement of the dispute between major packers and the United Packinghouse Workers (C.I.O.) over new contract terms.

• **Little Progress**—Negotiations were resumed early this month after having been stalled since preliminary discussions ended in late August. It was soon apparent, however, that packers and the union were still far apart.

Last week a conference of representatives of all local unions having contracts with Big Four packers—Swift, Armour, Wilson, and Cudahy—created a 27-man strike strategy committee, and announced that local unions have been "instructed to complete within two weeks [by Nov. 26] the collection of strike funds and the establishment of machinery for strike action."

• **No Certainty of a Strike**—Actually, the announcement does not mean a certain strike call on Nov. 26, even if the packers do not capitulate on union demands. Its main purpose was to put increased pressure on the packers at the bargaining table—by its threat of an imminent walk-out—and thus to force negotiations into a serious and intensive drive for quick settlement and avert a new and unpopular stoppage in the recently revived flow of meat supplies. But if that end is not achieved, the strike bars are now down.

• **Area of Disagreement**—Union demands submitted last August included a guaranteed annual wage; a \$1-an-hour minimum, without present geographical differentials; a health and welfare fund; and a cost-of-living bonus.

Counterproposals of the Big Four, according to the union, offered nothing that is not in the present contracts, eliminated all forms of union security, and froze wages at present levels for a year with no reopening provisions.

The union flatly rejected these proposals. Backing up the rejection, the union filed 30-day strike notices on Aug. 22.

HIGH COST OF DISCIPLINE

St. Louis this week still was assessing business and industrial losses after what may well have been the costliest half-day strike in labor history. Best esti-

mates were that millions of dollars and man-hours were lost through a sudden shutdown in power plants of the Union Electric Co. of Missouri.

A.F.L. operating engineers struck without warning at 8:30 a.m. Nov. 12 when the company failed to suspend an employee charged with violation of union rules. Five hours later the walk-out ended when the union altered its charges against the employee to a more serious one, requiring discharge. The company had argued that it was not bound by contract to punish the employee for minor infractions of union rules, but it complied with the new request to fire him.

While the talks went on, little power was being generated. Scores of industrial plants were forced to close. Department stores and many shops failed to open. Street car operation was curtailed. Lighting and heating service in many parts of the city was affected. And although the strike ended by 1:30 p.m., crippling effects were felt all day.

The worker who started it all had refused to pay a \$100 union fine for (1) working through his scheduled vacation, and (2) discussing the matter with a plant executive instead of a shop steward.

P. S.

Hope for an early end of a union jurisdictional beer war (BW—Nov. 2'46, p85) was expressed in Pittsburgh this week. Officials of the C.I.O. Brewery Workers and A.F.L. Teamsters Union agreed to comply with a request by Gov. Edward Martin to attempt to compromise differences. Elsewhere, labor leaders were skeptical about any lasting plan resulting from scheduled conferences. Issues in dispute are the same ones which have made relations between the unions increasingly bitter for more than a decade.

Threat of a strike of 65,000 C.I.O. auto workers at the Ford River Rouge plant ended last week end. The local union ratified an agreement with Ford to make health questions (BW—Nov. 16'46, p90) a subject for negotiation. Union experts will be allowed to investigate workers' complaints in the plant, take them up with management. If negotiations fail, the dispute will go to Dr. Harry Shulman, permanent Ford-union arbitrator, for a binding decision.

The West Coast shipping tie-up ended this week as far as two unions were concerned, appeared in a final stage for a third one. C.I.O. longshoremen and marine engineers accepted terms similar to those in the recent eastern maritime strike (BW—Nov. 2'46, p88). A.F.L.'s masters refused to sail ships pending referendum approval of terms.

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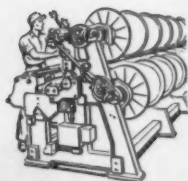
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THE INTERNATIONAL OUTLOOK

BUSINESS WEEK

NOVEMBER 23, 1946



You can look for unsettlement on the foreign trade front during the next few months.

It won't cut importantly into current record exports. The world will buy almost anything the U. S. has to sell.

Nor are imports likely to decline. Soaring U. S. prices have already started a fresh flow of short materials from abroad.

But several behind-the-scenes developments will prevent the growth of long-term trading confidence.

Second thoughts on the new Congress are less reassuring so far as foreign economic policy is concerned.

Important individuals of the new leadership of both houses have an ominous record of opposition to foreign loans as well as to reciprocal trade agreements.

Sen. Robert A. Taft opposed the Reciprocal Trade Act and each extension, and voted against the British loan and the Bretton Woods program.

Sen. Wallace A. White opposed Reciprocal Trade Act extension and the Bretton Woods plan, but supported the British loan.

Sen. Arthur H. Vandenburg, on the other hand, supported all three.

For the House, Representatives Harold Knutson, Joseph W. Martin, Clarence J. Brown, Charles A. Halleck, Thomas A. Jenkins, and Everett M. Dirksen will hold key posts. Since most of them are protectionists, they are expected either to support the reciprocal trade and Bretton Woods programs grudgingly, or to urge restrictive modifications.

The lack of progress in the International Trade Organization discussions in London is another unsettling factor in the foreign trade outlook.

Britain has refused flatly to give up buying all basic food supplies through a centralized government agency.

Even before the talks are shifted to Washington next spring, London is likely to consummate more long-term, bulk-purchase pacts similar to the Canadian wheat deal and the Argentine meat agreement.

Nor are the British making any promises to abandon Empire tariff preferences.

Fear that the U. S. will revert to Smoot-Hawley thinking on tariffs has stiffened Britain's stand.

It also helps to explain London's announcement of last week that certain imports will be licensed indefinitely, despite the agreement in the U. S. loan pact to work toward freer foreign trade.

Not yet generally realized in the U. S. is the fact that British opposition to ITO principles is so strong that the State Dept. has begun to give up hope that they can ever be approved, and is quietly working out a substitute international commercial policy.

Pending reciprocal trade pact negotiations will provide the first tipoff to the stand of the new Congress on tariff issues.

Eighteen nations have been invited to participate.

They include Australia, Belgium, Brazil, Canada, Chile, China, Cuba, Czechoslovakia, France, India, Lebanon, Luxemburg, The Netherlands, New

THE INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
NOVEMBER 23, 1946

Zealand, Norway, Union of South Africa, U. S. S. R., and the United Kingdom.

The U. S. has listed several hundred items on which it is willing to make tariff cuts up to the 50% allowed by law, or to freeze current rates, in return for comparable concessions for U. S. goods abroad.

Business executives are allowed until Dec. 21 to submit written views on concessions that should, and should not, be made on the items listed.

Also, if you wish to appear at the public hearings on tariff changes which begin on Jan. 13, 1947, you must make application before Dec. 21.

Principal items on which Washington expects a fight against tariff reductions are wool products and raw wool, chemicals, pottery and glass, zinc, copper, bicycles, beef cattle, and cotton textiles.

Main lines of U. S. exports on which Washington will battle for tariff cuts abroad are automobiles, a wide range of machinery, and fruits.

Don't be surprised if one of the biggest skirmishes develops around this country's efforts to win export concessions for the U. S. aviation industry.

Even if your industry is unaffected by items under consideration in the current negotiations, you still cannot safely assume that you are in the clear.

Lead, for instance, is left off the list only because the principal supplier is Mexico, not one of the countries with which we negotiate this spring.

The Reciprocal Trade Act does not expire until June, 1948.

While it is possible that the new Congress may attempt to amend it next year—particularly if other countries increase trade controls—Washington generally expects no change in the law.

If the 18 tariff deals progress smoothly, you can expect the Administration to push for new bargains with as many countries as possible in 1947.

And if the generally popular reciprocal trade program is backed by the new Congress, one of the most serious worries on the foreign trade front will be removed.

Despite the flood of decontrol measures, sugar is not likely to be cut loose until the War Powers Act runs out.

In fact, the rush to get rid of international commodity pools is stymied by several special domestic problems.

For instance, no end of coordinated marketing control over natural rubber is likely to be sought until a national policy to support domestic synthetic production is formulated.

In the case of wool, the situation is even more critical.

Governments, headed by the U. S., hold war-accumulated stocks totaling 2,500,000,000 lb., or the equivalent of one year's production. Sudden international decontrol in the face of this year's heavy production would create chaos.

When 20 nations, including the U. S., concluded conferences in London last week, they agreed to urge their governments to back a wool study group—similar to those for tin and rubber—to serve as an advisory body at least until wartime stockpiles are absorbed.

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BUSINESS ABROAD

France Still on Middle Road

Despite Communist election gains, no abrupt change in reconstruction policies expected. Nationalization program largely completed. Industry and agriculture boost output.

PARIS—For U. S. businessmen concerned with trends in Europe, the recent French elections offer both encouraging and disturbing portents. Emergence of the Communists as France's first party, with nearly 30% of the votes, might seem a damaging blow at U. S. influence, on which the Communists waste no love. But French analysts have been quick to make two points:

(1) The Communists do not have enough votes to govern alone, or even with the Socialists supporting them. Previously the Communists and Socialists together had a slight majority.

(2) Communist attempts to revive the prewar Popular Front of Communists, Socialists, and Radicals so far have been rebuffed by the Radicals, who campaigned strongly in the election against Marxism.

• **Key Posts**—This means that Communist influence in French life is un-

likely immediately to expand much beyond its present entrenched positions. Since these include strong control of the main French labor federation, the C.G.T., Communist cooperation is essential for any democratic French government.

Communist power is also spread through the party's year-old possession of four key ministries: Industrial Production, Armaments, Reconstruction, and Labor. These ministries have charge of the government of most of the newly nationalized industries, the industrial rationing system, government payments for reconstruction, and all the labor laws as well as plant labor-management committees.

The importance of this control to French business is obvious. Indirectly, it also affects U. S. businessmen selling to France. Imports of new industrial equipment must generally clear through the Ministry of Industrial Production, and



COMMERCIAL FLYING GETS A PUSH

Britain's progress in air passenger transport took a promotional spurt this week—with jet propulsion. Equipped with two Nene Rolls-Royce jet engines as well as its two Merlin piston-type engines, a British Lancaster bomber (above), fitted to seat 13, made a test "commercial" hop from London to Paris. Time was 50 minutes, half an hour faster than normal flights. The craft, using its jet engines only, skimmed over the Champs Elysees to salute the Paris air show—and simultaneously reap publicity for British aircraft.

Mexico's Movie Tents

Mexican movie promoters will soon equip theaterless cities with tent theaters in a move to keep the country's sinking film-making industry afloat. With their too few movie outlets swamped by film imports, Mexican producers are fighting to remain in business. In the same leaky boat are Chile and Argentina, whose war-fostered industries are caught in a postwar tidal wave of U. S. films.

• Mexican productions found all of Latin America a ready market during the war dearth of U. S. movies (BW—Oct. 14 '44, p41). The six companies which made up the Mexican industry produced 67 pictures in 1943 and more than 80 in 1944. Now they face a cutback. Clasa Films Mundiales, one of Mexico's leading film producers, is scheduling only six films in 1947.

Studio owners are looking for United States as well as Mexican film producers to rent their facilities.

imports of essential supplies must be approved of by the Reconstruction Ministry.

• **Points of Agreement**—Despite extremist gains, the recent elections mean that France will continue for some time to have a breathing spell from extremist rule.

Avoidance of Communist or rightist dictatorship in the future depends on the use made of this breathing spell. Deeply divided as they are on principles and personalities, most French parties and leaders are united on four general economic goals:

- (1) Nationalizing key basic industries;
- (2) Regaining and then surpassing the prewar standard of living;
- (3) Reconstructing France's battered homes and industries; and
- (4) Choking off inflation.

If these interrelated objectives can be substantially reached before the next elections (normally scheduled for five years later), American business need not fear that France will follow the path of either Spain or Poland. Instead, its basic course will continue to parallel—with confusing superficial variations—the path laid out for England by the Labor government.

During the past two years of provisional governments, the country has made much progress toward its first three objectives, at the expense of the fourth.

• **Nationalization**—By last spring the nationalization program had been large-

ly completed. The most important coal mines have been nationalized. So have the electrical and gas industries, the largest automobile firm (Renault), and Air France, the nation's airline monopoly. The chief aircraft and aircraft engine plants also have been fully nationalized, following some years of joint control by private interests and the government. And in the field of finance, the four main commercial banks and the major insurance companies are now government institutions.

By adding these industries to such prewar state enterprises as the railroads and the telephone and telegraph system, postwar France is developing a highly mixed economy. The Communist Minister of Armaments has tossed still another ingredient into the mixture. Instead of closing many of France's important government arms factories, he has turned them to production of a wide assortment of peacetime metal goods, either on a subcontract basis or for direct sale.

• **Production**—France's industrial production has climbed steadily from a low of 18% of 1938 levels in August, 1944, to a rate of from 80% to 85% during the last six months.

Food production on France's undermanned farms has also mounted. This year's harvest stands generally at about three-quarters of prewar levels, compared to last year's disastrous yield of only 50% of prewar. Livestock on farms is reported to be as numerous now as in 1938.

• **Reconstruction**—Most of the increased industrial output has gone to meet immediate consumer needs, exports, and restocking. In reconstruction—where the cost of replacing the war's toll is officially estimated at \$21 billion—temporary measures have been emphasized. Nearly all the most urgent needs have been met with makeshift remedies.

Permanent rebuilding has gone much more slowly, although the pace in transport facilities is much more encouraging than in housing. By July, only 12,000 new buildings had been finished, of which 4,000 were dwellings. Only 390,000 damaged structures had been permanently repaired.

• **Inflation**—The provisional governments' efforts to hold down prices and stabilize the franc had little success. But the quantity of goods reaching consumers is considerably higher than a year ago.

The official wholesale price index is soaring spectacularly:

Average, 1938.....	100
Oct., 1944.....	265
Oct., 1945.....	447
May, 1946.....	624
July, 1946.....	571
Oct., 1946.....	812

Apart from these official prices, a

black market continues rampant throughout the economy (BW—Aug. 3 '46, p97).

• **Price Pressures**—Chief specific causes of the continued price spiral are the large government deficit (last estimated at \$3.2 billion for the year), the 25% general wage increase granted in July, and the general tendency to buy or hold goods in expectation of more inflation to come.

Inflation and a large foreign-trade deficit (BW—Jul. 13 '46, p96) also have put great pressure on the franc, driving its black-market rate to a third of its legal value.

• **Brake on Recovery?**—This month's election results will not speed recovery moves. With no party having a clear majority and no stable coalition government in sight, France expects to see-saw from Right to Left, with resultant business instability.

But the fact that the over-all division of votes between Left and Right is about the same as it has been for 20 years means that the Right is still in a strong position to check Communist legislation.

Frenchmen hope that the mixed economy created in the last two years will be sufficiently versatile and strong enough to meet the fundamental demands of both groups.

FOR HOME TALENT

Brazil's modern *Fabrica Nacional de Motores* plant, whose modernity extends to swimming pools for workers' housing units (below), is shifting gears to peacetime production. Built with U.S. funds, equipped with U.S. machinery, it initially produced airplane motors (right) for a budding Brazilian air force. Now, as it turns to the production of tractor motors, the government-owned factory near Rio de Janeiro highlights Brazil's program for development of local industries.



Unity in Mining

British metal industry has joined forces to protect its big investment. Tax relief is one of major objectives.

LONDON—London's leading mining companies have joined forces in a new organization, the British Overseas Mining Assn. The objective is to promote and protect interests which before the war were worth \$1.5 billion. These interests in 1936-38 brought Britain annually about \$200,000,000 gross in foreign exchange.

• **Leaders on Roll**—Formed in August, 1946, the association now has close to 100 members. They are drawn from Britain's 305 mining companies, mining finance houses, and mining engineering consultants. Several oil companies may be added soon.

The roster now includes the top 25 from the London mining fraternity. Among this group are such well-known names as the Anglo-America Corp. of South Africa Ltd., Consolidated Gold Fields of South Africa Ltd., and Selection Trust Ltd. Association president is Lord Geddes, chairman of the Rio



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No. 2 of a series showing how American Brake Shoe research and engineering are developing longer-wearing parts for industry and transportation.



The Big Squeeze

-IS ON THE BEARINGS

WHEN a steel mill puts the squeeze on a white-hot ingot, mill bearings are in a tough spot.

Not so long ago, squeeze-weary bearings were a serious problem in the steel industry. For example, one blooming mill (the mill that makes the first squeeze) was forced to shut down every two weeks for bearing replacement.

This bearing-wear problem, like so many industrial metallurgical puzzles, came to Brake Shoe—and its National Bearing Division came up with bearings which ran six months as compared with the previous two weeks.

A plate mill, as another example, rolled an average of only 25,000 tons before new bearings were needed. NBM bronze bearings soon upped the plate mill's uninterrupted roll to 190,000 tons!

Now this was no accident. NBM bearings have done the same and better for mill after mill, for year after year. It was the direct result of Brake Shoe's engineering procedure.

First, a tough bronze bearing metal, with a low coefficient of friction, was developed by Brake Shoe's metallurgists. Second, this metal was exhaustively tested for performance under specified conditions.

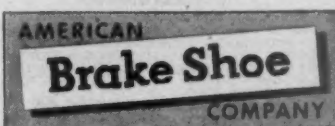
Third, once this bronze met the tests, strict laboratory control was established in NBM foundries to assure absolute uniformity in the finished bearings.

Thus, Brake Shoe research—and the accumulated knowledge of Brake Shoe's metallurgical specialists—paid off for the steel industry. There's an excellent chance that they can do as well for you if WEAR—by heat, abrasion, corrosion, friction or impact—complicates your business.

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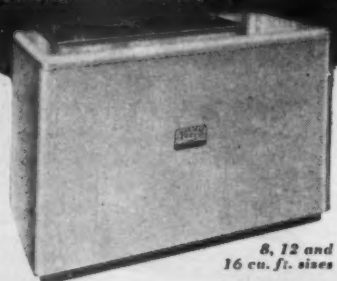


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• **Need for Tax Relief**—The association grew out of the Mining Taxation Committee set up in 1942 to press the Chancellor of the Exchequer for relief from excessive taxation. The committee could make a good case. Britain had been the world's leading producer of lead, copper, tin, and iron, and the chief center of copper smelting, as late as 1850. As domestic output declined money went abroad in vast amounts to all corners of the world. This opened new territory and secured metal supplies to meet the Empire's needs in war and peace.

In 1936-38, the overseas mining industry contributed a tidy sum to Britain's foreign exchange resources. Dividends and interest accounted for \$140,000,000 yearly. Machinery exports brought \$40,000,000; shipping, \$11,000,000; commissions and insurance, \$10,000,000. In all, this represented 4.5% of total annual income from exports and services.

• **Better Break**—But the industry had suffered after World War I from drastic increases in taxation. It was afflicted particularly by the refusal of British tax authorities to grant allowances for wasting assets. Such allowances were extended in the U. S., Canada, South Africa, and other mining countries. This, of course, put London in an unfavorable position as a center of mining finance and direction.

Anticipating even higher taxes after World War II, the mining companies in 1942 determined to get a better break. For the first time they spoke with one voice. They succeeded in obtaining important concessions looking toward the desired allowances under the 1945 income tax law.

The association will continue the fight begun on the home front by the Mining Taxation Committee. At the same time it will concern itself with tax problems in all countries where its members operate.

NEW PUBLISHING FIRMS

NEW DELHI—Although heavy industries hold the spotlight in India's development program (BW—Oct. 26 '46, p113), both as necessities and as profitable investments, Indian businessmen are giving careful attention to another potentially rich field. In recent weeks two big publishing houses have been organized, each with an authorized capitalization of approximately \$1,750,000. They will move into a field which is rife with small publishers and in which most booksellers are producing their own wares as a profitable sideline.

Even with only 10-15% literacy among its 400,000,000 population, India now imports large quantities of



DIGGING IN GREEN FIELDS

Firm in his belief that England will demand heavy road and earth-moving machinery, Robert G. Le Tourneau (above) dedicates his company's new plant at Stockton-on-Tees on England's northeast coast. His company is among 150 U.S. firms ready or planning to launch complete manufacturing branches in Britain (BW—Aug. 31 '46, p97). In view of its products—giant labor-saving machines—the Le Tourneau plant may have a special impact on British construction techniques, already changed through wartime use of U. S. machinery.

books and titles for reprint. With the national government pledged to a literacy campaign, the market will expand tremendously in the next decade or two.

One of the new firms, National Information & Publications, Ltd., has as its chairman Seth Dharamsey M. Khatau, a director of many of the powerful Tata industries. All 35 members of the advisory board, which will direct the concern's planning and research, are well-known political, literary, or intellectual figures.

The firm's main effort will be directed toward books on "general educational, and rural" subjects. Indian authors will be encouraged, and the company hopes to produce a line of Indian textbooks.

Shareholders are assured an annual profit of 25%. In addition, press equipment will be operated commercially. A nationwide sales system is planned to handle books for other publishers.

Besides supplying the book field, the second new publishing house—Akhil Bharat Printers, Ltd.—plans to start one or more daily newspapers and a string of magazines.

Both firms will have headquarters in Bombay, India's leading industrial city.

CANADA

Tax Bargain

Three provinces cede to Ottawa the right to collect income and excise taxes, in return for a per-capita federal subsidy.

OTTAWA—After more than a year of negotiation, the federal government has finally obtained approval from three provinces for its plan to centralize collection of personal and corporate income taxes and estate taxes at Ottawa.

• **Subsidy Promised—Manitoba, Saskatchewan, and New Brunswick** are the three that have now agreed to the broad terms proposed by Finance Minister J. L. Ilsley. They give up the right to levy taxes in these three fields; in return they get a federal subsidy of \$15 per capita, based on 1941 population.

A fourth province, Nova Scotia, declared the terms unacceptable.

• **Wartime Innovation—**During the war the provincial governments, in an emergency agreement with Dominion authorities, ceased levying corporation and personal income taxes in order to permit uniform national taxation at high rates. In lieu of these taxes, they received a federal subsidy.

Last year, shortly after V-J Day, Ottawa called a Dominion-provincial conference (BW—Jun.30'45,p112), at which the provinces were requested to hand these tax powers to the national government permanently. In return, Ottawa promised to pay a larger subsidy to the provincial governments. No agreement was reached at the time.

• **Who Likes It—**The tax-transfer-subsidy plan is generally popular with the western and maritime provinces, where there are no large concentrations of business or wealth. It promises to give them a share of revenues paid into the Dominion treasury by the corporations whose head offices are outside their borders but which do business on a national scale.

For exactly the opposite reason, it is unpopular with Ontario and Quebec where the two chief business centers of the country, Toronto and Montreal, are situated.

• **Debt Concession—**Along with the taxation arrangement, the Saskatchewan government negotiated a writedown of debts due to the federal government on account of special advances for relief during the 1930's. This arrangement, presumably, will be the pattern for scaling down loans owed by Manitoba, and by British Columbia and Alberta, if they agree to the tax-transfer plan

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THE MARKETS

(FINANCE SECTION—PAGE 80)

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	140.6	144.0	144.1	165.4
Railroad	45.5	47.5	45.6	65.0
Utility	74.5	76.8	75.2	84.6
Bonds				
Industrial	122.6	122.5	122.1	122.3
Railroad	112.9	112.9	112.3	116.3
Utility	112.2	113.5	110.3	115.9

Data: Standard & Poor's Corp.

Another "John L." Market

John L. Lewis, United Mine Workers head, rather than business trends generally, has recently been calling the tunes to which the stock market has been dancing.

Obviously, this state of affairs has been causing a steady shrinkage in market values generally.

• **Plunge Was Brief**—Up to the middle of this week, however, the imminence of possible coal shortages and damage to industry generally had yet to result in any really panicky rush to dump stocks.

Initial receipt of the news caused the market late last week to plunge suddenly and decisively. But that spell of fear-selling lasted only a matter of minutes. The market since has merely been drifting lower. This was caused by the absence of supporting bids rather than the presence of any steady selling pressure.

• **Many New Lows**—How long the drift to lower levels will continue is anybody's guess. And much depends, obviously,

on the steps taken by Washington officials, or by Lewis (page 5).

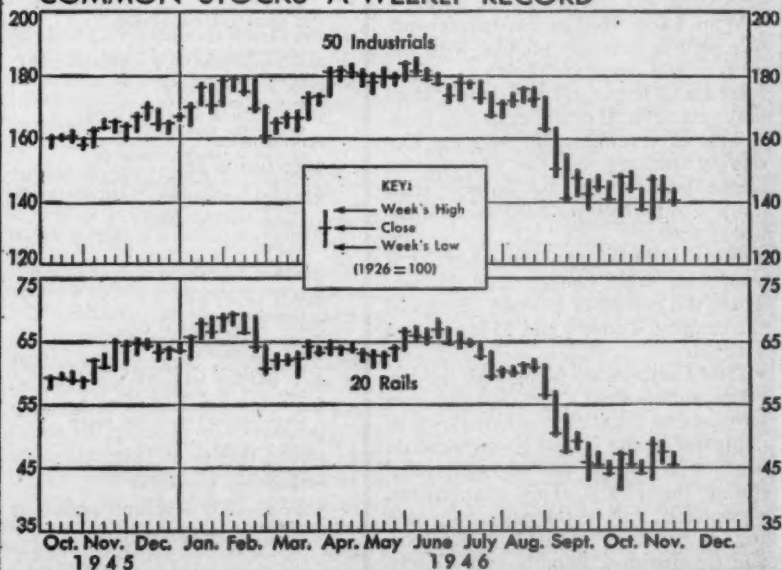
However, the Lewis vs. Uncle Sam battle has been bringing the stock price averages closer and closer to their earlier bear market lows. Definite testing of those resistance points is indicated before long. It's likewise hitting more and more individual issues serious blows. On Monday of this week, for example, 48 new 1946 lows were registered, 70 on Tuesday, and 80 on Wednesday.

• **Some Expect a Rally**—According to Wall Street technicians (though the wish may be father to the thought) the market shows plenty of evidence that it actually wants to stage a rally. Many think that it is only awaiting some dynamic news before starting to move sharply upward. It's generally believed that most market participants have finished readjusting their portfolios to meet conditions apt to be encountered just ahead. The Street claims, as well, that substantial scale-down buying in dividend-paying stocks has been evidenced lately whenever the market has disclosed a particularly sharp sinking spell.

• **Exchange Signs Up**—Where its own labor troubles are concerned, Wall Street has received good tidings. Early this week the New York Stock Exchange and the United Financial Employees signed a new wage-and-hour contract after six weeks of deliberation (BW—Nov. 9 '46, p. 82).

Under this agreement, which runs from Oct. 15, 1946 to Jan. 31, 1948,

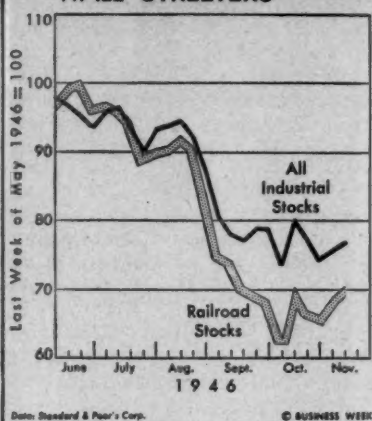
COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

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RAILS ENCOURAGE WALL STREETERS



employees of the Big Board and its affiliates are granted wage increases of from \$3 to \$7 weekly. Salaries of employees affected will range from \$27 to \$102 a week. The work-week remains 40 hours, with time-and-one-half for ordinary overtime and double-time for hours worked beyond twelve any one day. Three weeks' vacation will be granted employees after 15 years of service instead of after 25 years as in the old contract.

• **Stoppage Threat**—Cancellation of the contract by the Big Board is permitted on 30 days' notice. U.F.E. has the right to take advantage of this provision only if a member firm is found guilty of unfair labor practices against its members. Thus, U.F.E. can place itself in a position to refuse to handle any business of the offending firm.

Rail Stocks Show Strength

When stocks began breaking badly recently, the rail shares quickly proved a popular selling target. Not only the speculative issues suffered. Blue chips (page 83) proved equally vulnerable. The avalanche of selling orders soon erased 53% of the gains that the Dow-Jones rail index had made in the entire 1942-46 bull market upsurge.

• **Turnabout**—The rails, however, are no longer one of the favorite stock market whipping boys. Instead, they have recently given encouraging resistance to further price-paring in times of general weakness. And when rallying tendencies have been present, they have disclosed above-average bounce (chart).

A good many brokers have finally come to believe that in the next general upward price move the rails are apt to emerge as the market leader.

• **Bullish Signs**—Several factors are responsible for the improved sentiment in such Wall Street quarters. Probably the most potent confidence-generator has

been a growing belief that the Interstate Commerce Commission will soon approve a healthy increase in freight rates. Guesses as to its possible size vary. However, it's generally expected to produce a total hike of 15% or better when combined with the earlier provisional upping of rates. And today's bulls think that, on such a basis, the industry can report satisfactory results at present traffic levels.

Encouraging, also, have been some recent operating statistics. Carloadings, down 18.9% in January-June, 1946, were 18% higher than in 1945 in the five weeks through Nov. 3. September rail earnings after all charges were around \$38,500,000 vs. \$8,849,000 in the same 1945 month.

• **Dividend Action Deferred**—All the rail news, however, hasn't been bullish. New York Central and Pennsylvania directors took no dividend action at meetings last week. Many had hoped for confidence-inspiring declarations. Also, the prosperous Pittsburgh & Lake Erie, controlled by the New York Central, cut its dividend rate.

Moreover, carloadings aren't the same indicator now that they were in wartime. Cars aren't being loaded so heavily. Neither is their freight content supplying the revenue it once did. Instead, receipts per car, which reached a high of \$161.20 in 1944, may average only around \$140 in 1946.

• **Income Comparison Misleading**—The September earnings report also wasn't all it appeared to be at first glance. Tax carry-back credits provided much of the net. And September, 1945, profits would have been \$40,000,000 higher except for some extraordinary charges against earnings.

Another unfavorable factor that must be considered is the inflexibility today of the rails' operating expenses. Such costs are now running some 40% above their 1942 levels, and are still rising. Thus the industry's higher "break even" point will be something to reckon with in the event of any unfavorable revenue trend in the months ahead.

• **ICC Holds the Key**—The ICC rate decision now seems to be only a few days off. It is still a gamble whether the decision will lift rates as much as the latest crop of "rail bulls" expects. Of course, the Street is united in hoping that it will, and that this will touch off a sharp rally in rail shares.

But many who share this hope are not much concerned with how long the rally lasts. Chiefly, they want only a chance for their clients to sell out their rails at prices above present levels. Over the longer term, they are dubious about the attraction of rails, except for some blue chips. They have long been urging elimination of rails from clients' portfolios during periods of market strength.

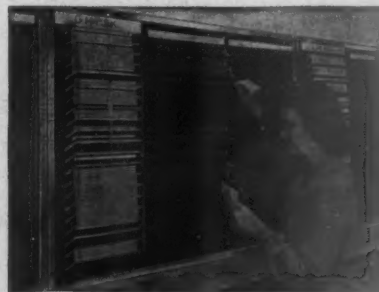


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THE TREND

THE CRUCIAL ROLE OF HOUSING

Watch housing. For upon how wisely that tortuous business is handled over the coming weeks and months may depend in very substantial measure our chances of riding out without too much discomfort the jolts for business which have been piling up ahead, or of getting painfully bruised by them. Wise handling requires an extraordinary degree of understanding teamwork on the part of the Wyatt organization, materials producers, builders, and Congress.

• Housing always plays a major role in the workings of our economy, although this is easily overlooked because the industry involved is so far-flung and sprawling. Right now, however, it plays a crucial role. This is partly due to the magnitude of the operations which have been rapidly pumped up by emergency measures. These were running at a rate of \$4.5 billion annually in the third quarter of this year. The crucial position of housing is also due to the danger that housing will be priced out of the market by a spurt in materials prices attending the abandonment of general price control. This danger, in turn, is magnified by the fact that a bungled housing program would increase greatly other present potentialities of trouble.

The setup for solving our housing problems is complicated by the fact that the industry involved still remains in that half-free, half-controlled posture which has proven so dangerous generally. Price control of materials has gone by the boards. Price control of houses remains, and along with it an elaborate system of allocations and priorities. The successful straightening out of the whole business is a job which will take months of the most skillful and sincere collaboration by the government and the industry. Past wrangles will make that difficult.

• In the meantime, there are several things to be done at once, both by the Wyatt organization and by industry, to get under way a successful handling of housing. The first and most important is for the National Housing Agency to shift its emphasis drastically and dramatically from getting houses started to getting houses finished. How such a shift not only would get more houses completed, but would do so at far more reasonable prices, was outlined at length in this space a short time ago (BW—Oct. 5 '46, p120).

Such a shift would also remove a forced draft from the prices of building materials at a time when it is of critical importance to do so. The more starts, the bigger the scramble for short supplies of materials. Still eying that fanciful goal of 1,200,000 starts this year, the Wyatt organization has been the prime promoter of the scramble. The program was dangerous before. A continuation of it could be disastrous by helping to price housing out of the market.

Having established a schedule of starts which is con-

sistent with getting houses finished in a normal length of time, the Wyatt organization should then prepare and vigorously publicize reliable estimates of material requirements. That should put a damper both on run-away prices of materials and on speculative hoarding of them. The Wyatt organization would serve the same end by employing its surviving but, no doubt, rapidly evaporating controls over the use of materials to get houses which are well along the way completed and thus narrow the scramble for materials.

In spite of anything the NHA can or will do, there is no doubt that the cost of housing will go up somewhat in the next few months. That being true, preservation of existing price ceilings on finished homes would merely perpetuate another of those cost-price squeezes which have raised so much havoc by blighting and distorting production since V-J Day. These ceilings should go.

• If, however, there were ever a time for businessmen to exercise restraint in using scarcity to boost prices beyond the point necessitated by cost increases, this is the time for those in the housing industry to exercise such restraint. There will inevitably be some increases in material prices because of cost increases. If they are held within a general limit of about 10%, which means 5% in the total cost of a house, and starts are cut down to reasonable proportions, the increases may not prove too serious. Savings from shortening the length of time for building could offset them and even make possible a reduction in total building costs later on.

But if starts are not scaled down to feasible proportions or material prices move up sharply, or both, there is reason to believe that a severe setback in housing would quickly ensue. It now costs at least \$7,700 to build a house which could have been built for \$5,000 in 1941. A further 15% increase in costs would carry the price to \$8,800. Surveys of how intentions to build are affected by prices, and studies of funds available for building, indicate that any such increase would put a terrible blight on housing.

• Something of the significance of such a blight can be gathered from the fact that about 620,000 workers are now employed in on-site construction. Enough more are employed in providing materials to make the total directly dependent upon the industry for employment at least 1,500,000. A serious breakdown in housing would, of course, promptly cut back into businesses which are expecting to supply furnishings and household appliances for well over a million homes next year.

Thus those engaged in housing—administrative officials, employers, workers, and congressmen alike—are custodians not only of the welfare of the industry but they are in a peculiar degree custodians of the welfare of the economy as a whole, at a particularly critical time.

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